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A Performance Audit of the PA Fish and Boat Commission

May 2022



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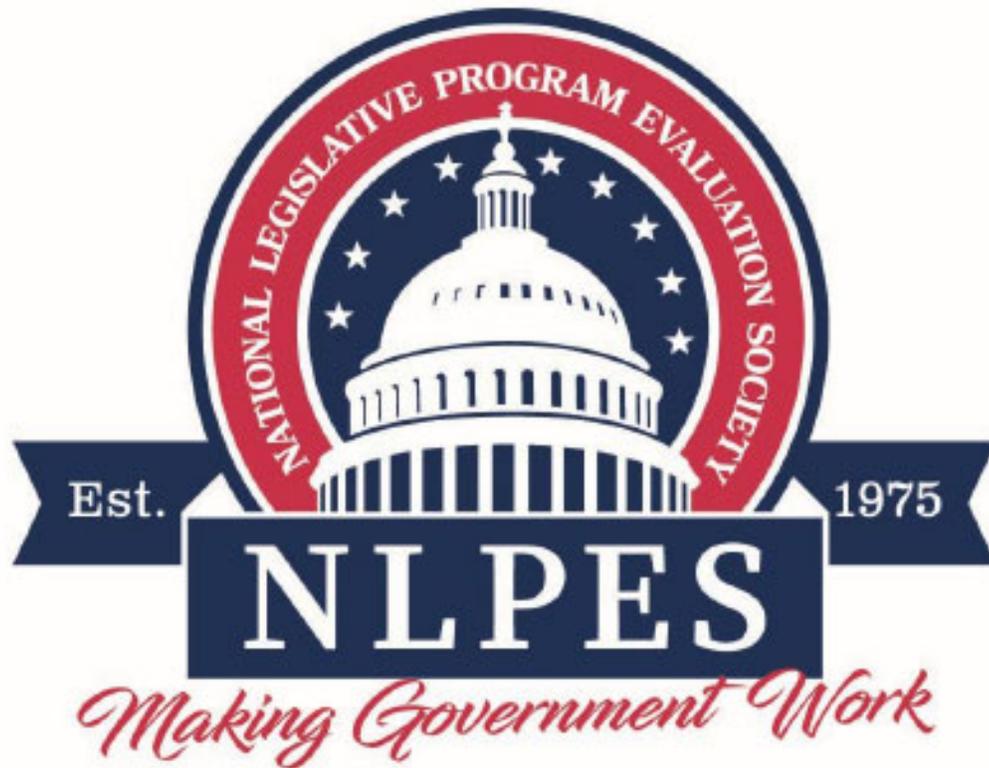
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REPORT SUMMARY



Objectives and Scope

Our objectives for this specific study were the following:

- 1. Review revenues, expenditures, and fund balances within the Fish Fund and Boat Fund.*
- 2. Conduct a review of PFBC hatchery operations to identify specific operational and or physical plant improvements.*
- 3. Provide an update on the status of agency operations as a result of the COVID-19 pandemic.*

Report Overview

The PFBC is a unique agency with a lengthy and storied history. Created in 1866 and funded through two special funds—the **Fish Fund** and the **Boat Fund**—the PFBC is responsible for administering and enforcing Pennsylvania’s Fish and Boat Code. No General Fund tax dollars are used to support these funds, and each fund has very distinct purposes as we discuss further in the report.

When the General Assembly increased the Pennsylvania Fish and Boat Commission’s (PFBC) license and fee structure through Act 2004-159, an amendment was added requiring the Legislative Budget and Finance Committee (LBFC) to conduct a performance audit on a three-year cycle beginning in 2007. Since passage of this Act, we have completed five prior audits under this mandate.¹ Most recently, in March 2019, we issued a report on the PFBC, which included a review of fishing license sales trends as well as other aspects about the PFBC (refer to Appendix A for an update on the status of prior recommendations).

For this report, we selected objectives that we thought would be of interest to the General Assembly and the PFBC’s stakeholders. Our objectives are laid out in the left facing text box. This report is organized around those objectives. Key sections of our report include the following:

- **Section I – Objectives, Scope, and Methodology.**
- **Section II – Background Information on the PFBC.**
- **Section III – PFBC Fiscal Condition.**
- **Section IV – Review of Hatchery Operations.**
- **Section V – Impacts to the Agency from COVID-19.**

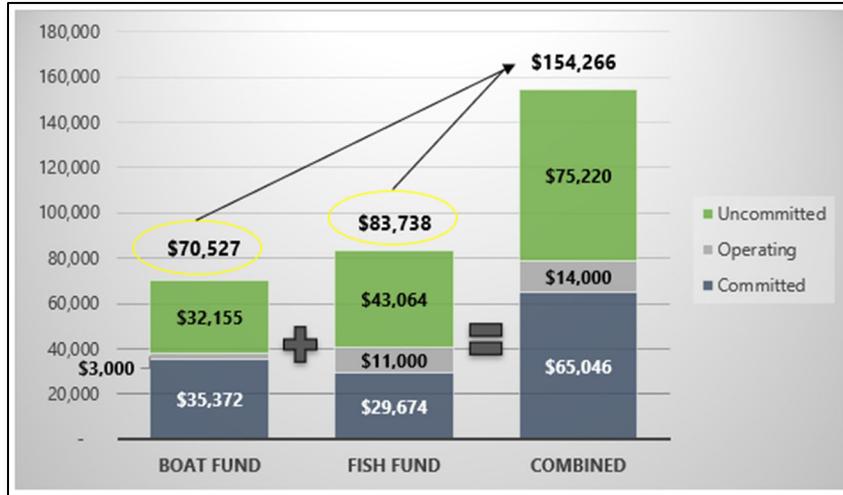
In the pages that follow (S-1 through S-8), we have summarized our results. In addition, staff from the PFBC has had an opportunity to review our work, and their response is included in Appendix D.

Reserve Fund Balances

As of June 30, 2021, the PFBC, through its two special funds—the Fish Fund and the Boat Fund—had a combined total reserve of \$154.3 million.

¹ Copies of prior reports are available on our web site at <http://lbfc.legis.state.pa.us/>.

In our last audit, we found that as of June 30, 2018, the PFBC held a total reserve fund balance (both funds) of \$109.3 million. As such, over the past three years, the PFBC grew its total reserve fund balance by 41.1 percent.



Going forward, the PFBC indicated that it intends to spend down the reserve fund balance in each fund, and it plans to keep reserve fund balances at 70 percent of the prior year revenue level. We concur with this strategic initiative, which should provide benefit to the commonwealth's anglers and boaters. However, given the uncertainty and still possible unforeseen conditions from the COVID-19 pandemic, we

caution that the PFBC should judiciously monitor revenues in the next two years.

Revenues

As part of our fiscal analysis, we reviewed revenues received by the PFBC into the Fish Fund and the Boat Fund. For both funds, revenues are grouped by four categories: licenses and fees; federal grants/augmentations; miscellaneous revenues; and fines and penalties. For the period we reviewed (FY 2018-19 through FY 2020-21), we observed the following trends:

- Licenses and fees represent the largest share of revenue for both the Fish Fund and Boat Fund. In FY 2020-21, 62.3 percent of total revenue was generated by licenses and fees. For the Fish Fund, this category includes the sale of angler licenses, and for the Boat Fund, the primary revenue generator is boat title and registration fees.
- Licenses and fee revenue for each fund increased substantially over the three-year period, with the Fish Fund growing by 19.2 percent and the Boat Fund rising by 25.7 percent. We attributed this occurrence to the unforeseen consequence of the COVID-19 pandemic, which saw an increased interest in outdoor activities, and specifically angling and boating opportunities. The PFBC concurred with this assessment.

- Fines and penalties are the smallest source of revenue for the funds, accounting for only one percent of total revenue for each in FY 2020-21. In a change of course from our last report, this category has experienced net increases over the three-year reporting period. Fines and penalties revenue in the Fish Fund increased by 35 percent over that time, including an almost 70 percent jump from FY 2019-20 to FY 2020-21. A near 34 percent increase in fines and penalties from FY 2019-20 to FY2020-21 helped spur this category in the Boat Fund to 9.2 percent growth over the last three years. The PFBC noted that due to more Waterway Conservation Officers (WCOs) in the field, as well as an overall increase in fishing and boating activities overall, by extension, fines and penalties also increased.

Expenditures

Because of the different intended purposes of the Fish Fund and the Boat Fund, the PFBC tracks expenditures separately from each respective fund. For each fund, the PFBC uses standard commonwealth accounting practices and groups expenditures (commitments) by the following categories: personnel; operational expenses; fixed assets; grants and non-expense. We observed the following trends:

- Personnel and operational expenses account for most of the PFBC's spending. These two combined categories represented 97 percent of Fish Fund total expenditures and 95 percent of Boat Fund total expenditures, respectively.
- Over the three-year period, there was just a 1.9 percent increase in total expenditures from the Fish Fund and a 25.7 percent increase in total expenditures from the Boat Fund. This latter increase being driven by significant increases in personnel expenses and grant spending within the Boat Fund, which was related to a new cost shift differential between how agency expenses are assigned to the Fish Fund or the Boat Fund.
- With respect to operational expenses, the Fish Fund saw an increase of 12.5 percent over the three-year period, while the Boat Fund witnessed a 42.7 percent decrease over the same period. With respect to fixed assets and the Fish Fund, there was an 18.6 percent increase over the three-year period. Boat Fund fixed asset spending rose by 13.8 percent over the three years. According to PFBC officials these costs increased because of the PFBC's

new spending plan, which is to spend down reserve fund balances on facility upgrades and maintenance, and then maintain reserve balances at 70 percent of prior year revenue.

- Grant spending also was volatile with large increases over the three-year period, especially for the Boat Fund. These increases were attributed to the resurrection of the Boating Facility Grant Program.

New Bureau Cost Allocation

The Fish and Boat Code (Code) requires that the revenue collected in each fund may only be used for the purposes delineated by the Code. In simple terms, this requirement means that fishing-related activities are paid from the Fish Fund, and boating-related activities are paid from the Boat Fund. While this requirement seems straight-forward, in actual practice it is somewhat difficult because with the exception of the Bureau of Fisheries and the Bureau of Hatcheries, every bureau has partial activity related to both fishing and boating.

In FY 1994-95, the PFBC instituted a bureau cost recovery formula so that it could more effectively split costs between the two funds. In several of our past reviews, we have encouraged the PFBC to conduct an update to its cost distribution formulas to ensure that the percentage "split" between the two funds remains current to the agency's actual spending. Since our last report, the PFBC has completed this analysis, and beginning in FY 2018-19, incorporated new expenditure schedules.

The new cost splits have shown more shifting toward the Boat Fund for the Bureau of Law Enforcement and the Executive Office (increasing from 40 percent to 50 percent). For the Bureau of Law Enforcement, this shift is consistent with the increased fines and penalties that the PFBC saw over the past three years. Additionally, with the reorganization of the Bureau of Boating and Outreach into the Bureau of Boating, 100 percent of the funding for the bureau operations has shifted to the Boat Fund.

Administratively, splitting costs between two special funds can be an overly bureaucratic process, which adds unnecessary costs to the PFBC. For example, in 2017, the PFBC estimated that between \$50,000 to \$80,000 is spent in coding to the commonwealth's accounting and purchasing system because of the need to split costs between the funds, which subsequently requires additional coding to each transaction. When viewed from this perspective, these added costs are inefficient and unnecessary. Conversely, this complicated coding also allows for greater accountability to specific stakeholders on how revenue is used.

For generations, fishing and boating activities are interrelated. We attempted to document this correlation by determining how many registered boat owners also purchase fishing licenses. We were surprised to learn that the PFBC does not track this information because it resides within two different systems and there is no single, common data element available in both that can be relied upon to tie the records together. We see value in this type of analysis beyond just fishing license sales or boat registrations. We think this information would be a useful first step in further analyzing the pros and cons of merging the Fish Fund and the Boat Fund into one special fund that would serve the PFBC's mission as a single funding mechanism. We recommend further cost/benefit analysis should be completed in this area, including determining acceptance among PFBC stakeholder groups.

Hatchery Operations

One of the more significant aspects of the PFBC's mission is the propagation of fish for angling opportunities, as well as for restoring fish populations in Pennsylvania waterways. The PFBC meets this mission through the Bureau of Hatcheries (BOH) and its 13 state fish hatcheries. An additional research facility is located on the Juniata River but works solely on restoring American Shad populations. Hatchery operations are funded entirely through the state Fish Fund.

Trout propagation and stocking are significant responsibilities for the BOH. The PFBC releases trout as adults, but also as younger and smaller fish (fingerling). On average, approximately 3.2 million adult trout are released into Pennsylvania waterways each year, although this target was missed in FY 2019-20 because of unseasonable warm weather, which impacted fish production in the hatcheries. From a weight perspective, which is an important aspect when gauging the size of fish released, approximately 1.9 to 2.0 million pounds of trout are released each year. Adult trout are stocked at 11 inches in size, which is larger than the trout released by the PFBC 15 years ago. The PFBC's capacity for trout propagation, as well as any fish species, is limited by how much effluent (fish waste) is released by the hatchery. These limits are tightly controlled by federal regulation and other agreements, and at 3.2 million adult trout fish, the BOH is at capacity for effluent discharge.

From a physical plant perspective, several of the state hatcheries are very old and in need of significant improvements, some of which have been deferred for several years. These improvements are necessary to ensure that the PFBC can remain current with effluent discharge requirements. Working with the Department of General Services (DGS), the PFBC has developed an infrastructure improvement plan for these facilities. These improvements are included in the proposed FY 2021-22 capital budget

act and are estimated to cost \$78.9 million, which would be paid from reserves held in the Fish Fund and capital budget authorizations. We reviewed the improvements planned at facilities and found that of the 242 total projects planned, 152 are associated with production-related improvements.

From an economic and environmental perspective, hatchery improvements are a wise investment for the PFBC and the commonwealth. Significantly, the upgrades will allow the PFBC to better meet environmental standards for effluent discharge and will also be an economic driver for many rural areas of the commonwealth. We found many of the upgrades to be "shovel ready" and thus able to provide quick economic inducement to local contractors, suppliers, and workers.



In addition to these rural economic incentives, hatchery improvements further sustain recreational sport fishing (angling), which is an important contributor to the state's economy. According to recent research completed for the U.S. Fish and Wildlife Service, in 2018, freshwater sport fishing contributed \$520.2 million in retail sales, which had an added multiplier effect of \$895.7 million to the state's economy.

Based on these economic inputs alone, we believe it is a wise investment for the commonwealth to proceed with improving hatchery operations through the projects outlined in the current capital budget bill. Further, given that the projects are funded through the Fish Fund, which are monies that have already been paid by anglers, it makes further sense that current and future anglers benefit from these capital improvements.

COVID-19 Impact to PFBC Operations

Beyond the financial implications, COVID-19 has also impacted the agency in other ways. As part of our triennial review, we thought it useful to provide further context about agency operations resulting from the pandemic. We reviewed the impacts from two perspectives: service delivery and organizational.

With respect to service delivery impacts, we found that as the COVID-19 pandemic struck, the PFBC quickly pivoted to further its mission. For example, the PFBC moved employees who could not telework by nature of their job responsibilities into support positions of aiding trout stocking efforts. Further, the PFBC moved the opening day of trout season to a previously unannounced and unexpected date in the middle of the week, statewide. This action effectively spread-out participants for opening day

and helped to ensure that in high-risk areas of the state the opening day was not compromised by the pandemic. The single opening day of trout season proved to be popular with anglers, and the PFBC has since announced it will keep a statewide opening for trout season. Other service delivery changes included changing certain display requirements for registrations and licenses, and changing how outreach efforts, such as the PFBC's popular Trout in the Classroom program are delivered.

Regarding organizational impacts, we reviewed the PFBC's telework protocols and vaccination incentives offered to employees. With telework, like many agencies and large corporations, a paradigm shift occurred with more employees working from remote locations. The PFBC has completed an extensive review of its workforce and approximately 74 job classifications are currently teleworking, which equates to 38 percent of the staff. We reviewed the PFBC's telework agreement it has with employees and found it to be a well-constructed document that protects both employee and management interests.

COVID-19 vaccination incentives were offered to PFBC employees as part of an incentive plan offered to all employees under the Governor's jurisdiction. Although the PFBC is an independent agency, it follows human resource policy issued from the Governor's Office of Administration, and as such extended the incentive to its employees.

 Announced August 10, 2021, employees who received both doses of a CDC-approved two-dose COVID-19 vaccine, or one dose of a single-dose COVID vaccine* by October 1, 2021, were eligible for:

1 **One Day of Administrative Leave**

- Leave had to be used by June 30, 2022.
- No payout for unused leave.

 On November 1, 2021, the Governor offered as an additional incentive to employees to be vaccinated by December 31, 2021, and those already vaccinated from the previous administrative leave incentive:

5 **Five Days of new "Verification Leave"**

- Leave could be used through March 31, 2022.
- Unused leave would be paid to employee, but it would not count as creditable service nor be used for retirement purposes.

6 **Days of Leave for Receiving COVID-19 Vaccination**

Under the Governor's initiative, two incentives were offered. The first took the form of one day of administrative leave. Later, in a subsequent effort to further vaccination rates, five days of (verification) leave was offered, including to those employees who were already vaccinated. This latter leave was also payable to employees, if unused, which we believe constitutes a direct cost to the agency. In the end, we found the initiative to be unsuccessful at the PFBC, as the number of employees who applied for the verification leave decreased from those who qualified for the administrative leave. We estimate the direct cost to the PFBC to be between \$215,000 and \$327,000, depending on how the cost is calculated.

decreased from those who qualified for the administrative leave. We estimate the direct cost to the PFBC to be between \$215,000 and \$327,000, depending on how the cost is calculated.

Recommendations

1. The General Assembly should direct the LBFC to further study the feasibility of merging the Fish Fund and the Boat Fund into one special fund. As part of this analysis, the LBFC should factor all relevant cost savings, not just to the PFBC, but to other state governmental agencies, e.g., the Department of Revenue and the State Treasury. Additionally, opinions of such a consolidation should be obtained from relevant boating and angling stakeholders.
2. The results of the above analysis should be reported to the House and Senate Game and Fisheries Committees for its collective consideration and possible action.
3. To ensure that the PFBC's hatcheries continue to support the agency's mission, we recommend the General Assembly consider passing the proposed projects listed for the PFBC within the capital budget act for FY 2021-22.
4. The Governor's Office and the Department of General Services should expedite the completion of the projects for the hatcheries, as well as other projects related to dams, lakes, and other access points.
5. The PFBC should complete a full audit of the verification leave incentive to ensure all employees complied with the Office of Administration's requirements for obtaining verification leave.
6. The PFBC commissioners should consider whether to proceed with any further incentives from the Office of Administration that will involve unexpected costs to the Fish Fund and Boat Fund.

SECTION I OBJECTIVES, SCOPE, AND METHODOLOGY



Why we conducted this study...

- ❖ *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 beginning in 2007.*
- ❖ *This current performance audit is the sixth audit under this statutory authority.*

Objectives

Our objectives for this audit were as follows:

1. Review revenues, expenditures, and fund balances within the Fish Fund and Boat Fund.
2. Conduct a review of PFBC hatchery operations to identify specific operational and or physical plant improvements.
3. Provide an update on the status of agency operations as a result of the COVID-19 pandemic.

Although not a specific audit objective, we also included an update on the status of our prior recommendations from 2019 (see Appendix A).

Scope

Our audit primarily covered the period July 1, 2019, through June 30, 2021. In some areas, our scope extended through December 31, 2021. These areas are noted within each section of the report.

Methodology

With respect to PFBC fiscal information, we obtained and reviewed budget and fiscal reports for the period fiscal year (FY) 2018-19, through FY 2020-21. We also reviewed applicable supporting documentation from the PFBC. We did not independently audit the financial information; therefore, we cannot express an opinion or any form of assurance on the accuracy of the financial statements. Nevertheless, we tested the validity and reliability of the information we received. Information we used in this report we believe to be accurate and complete as it was presented to us.

We reviewed the PFBC's present fiscal condition by examining fund balances (reserve and unreserved) in the Fish Fund and the Boat Fund. We

reviewed revenues to the Fish Fund and the Boat Fund by source, identifying trends and variances among the fiscal years. We similarly reviewed expenditures by category, as well as among organizational segments. We discussed our results with PFBC fiscal staff, and where necessary sought additional clarifications from the Governor's Budget Office, the Department of Revenue, and the Department of the Treasury.

To understand recent issues and problems confronting the agency, we reviewed all PFBC meeting minutes from 2018 through 2021. We distributed a letter soliciting comments on our study to members of the House and Senate Game and Fisheries Committees.

We obtained stocking reports and production information for both cold-water (primarily trout) species and warmwater/coolwater species raised and released by the PFBC. We reviewed production figures by hatchery. We also obtained and reviewed the planned capital improvements needed at the PFBC's hatcheries.

We also reviewed the economic impact of the hatcheries and fishing to Pennsylvania's economy. We assessed this impact by reviewing recently completed research for the U.S. Fish and Wildlife Service, which included various economic models. We isolated this research to just Pennsylvania.

We reviewed the impacts from COVID-19 in terms of service delivery impacts and organization impacts. For the former, we reviewed the reported changes made by the agency, including changes to stocking procedures, angling seasons, and public outreach. For the latter, we reviewed the impact of operational changes that were required by policy changes, including leave incentives for vaccination and telework.

We reviewed the status of prior audit recommendations made in our March 2019 audit report. We asked PFBC management to list the status of each recommendation and supply supporting documentation of actions taken as necessary. We analyzed the information, and we offer our opinion on the status.

Acknowledgements

We acknowledge and appreciate the excellent cooperation we received from the staff of the PFBC and in particular, Executive Director, Timothy D. Schaeffer, Ph.D.; Brian Barner, Deputy Executive Director, and Michael Nerozzi, the former Director of Policy and Planning.

Important Note

This report was developed by the staff of the Legislative Budget and Finance Committee, including project manager, Stephen Fickes and staff analyst, Matthew Thomas. The release of this report should not be construed as an indication that the Committee as a whole, or its individual members, necessarily concur with the report's findings, conclusions, or recommendations.

Any questions or comments regarding the contents of this report should be directed to the following:

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SECTION II BACKGROUND INFORMATION ON THE PA FISH AND BOAT COMMISSION (PFBC)



Fast Facts...

- ❖ *The Pennsylvania Fish and Boat Commission has been in existence for more than 150 years.*
- ❖ *The Commission is funded through two special funds: the Fish Fund and the Boat Fund.*
- ❖ *The Commission has a complement of approximately 410 salaried employees, who collectively protect, conserve, and enhance the Commonwealth's aquatic resources.*

Agency Mandate and Mission

The Pennsylvania Fish and Boat Commission (PFBC) is an independent administrative agency established in 1866 with authority to administer and enforce the Fish and Boat Code and other Commonwealth laws relating to: (1) the encouragement, promotion, and development of the fishery interests; (2) the protection, propagation, and distribution of fish; (3) the management of boating and the operation of boats; and (4) the encouragement, promotion, and development of recreational boating. The Commission's mission is "to protect, conserve, and enhance the Commonwealth's aquatic resources and provide fishing and boating opportunities."

The Board of Commissioners

The Commission is comprised of ten Pennsylvania citizens appointed by the Governor with the advice and consent of a majority of the Senate. Two PFBC members serve at-large and are required to be experienced in boating and water safety education and be registered boat owners in Pennsylvania. The remaining eight members are required, by law, to be a resident of a specific geographic district and are to be well-informed on conservation, restoration, fish and fishing, and boats and boating. Exhibit 1 shows these geographic regions. Commission members serve four-year terms and may continue to hold office for up to six months thereafter or until a successor is appointed and qualified.² Exhibit 2 shows the terms of the Commission members and the geographic regions they serve. Members receive no compensation for their service on the Commission, but they do receive reimbursement for travel expenses.

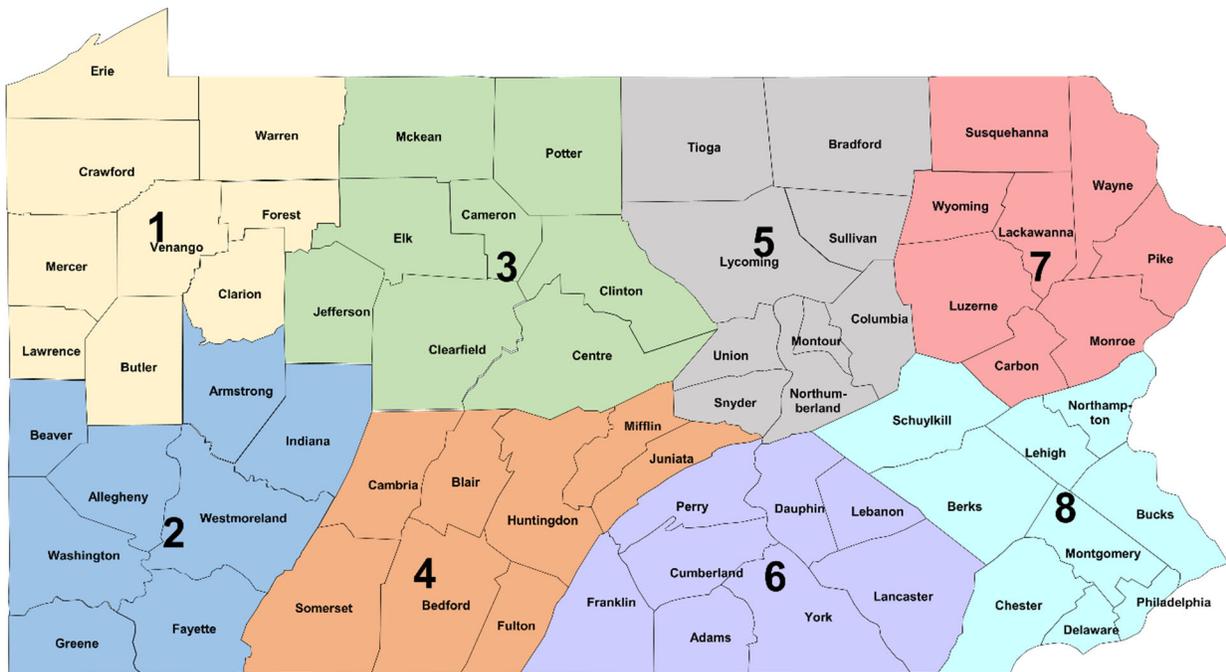
² Act 2014-24 amended the Fish and Boat Code to provide for four-year terms, rather than the previous eight-year terms. Further, Act 24 provided that members may continue to hold office for up to six months or until a successor is appointed and qualified, whichever occurs first. The prior law did not contain the six-month restriction. Finally, Act 24 provided that a member who serves three consecutive terms shall not be eligible for reappointment to the Commission. Prior to this amendment, a member who served a full eight-year term could not be reappointed until after a period of eight years passed. Overall, Act 24 provides that these amendments apply to members of the PFBC who are appointed on or after May 19, 2014.

The Commission is required to have an office in the Harrisburg area and hold meetings in January and July and at such other times and places as the Commission may designate. In actual practice, the Commission ordinarily meets four times a year. In addition to full Commission meetings, PFBC committees may conduct public meetings throughout the year. At the July meeting each year, the Commission elects from its members a president and vice-president.

A statutorily created eight-member Boating Advisory Board advises the Commission on all matters relating to boating and makes recommendations regarding any proposed rules or regulations affecting the equipment or operation of boats. The Board consists of three ex-officio members including the Secretary of the Department of Conservation and Natural Resources, the PFBC Executive Director, and the Assistant Executive Director in charge of watercraft safety, and five volunteer members who are required to be experienced boaters and members of boating volunteer organizations. Members are appointed by the Governor for five-year terms.

Exhibit 1

Map of PFBC Districts



Source: Pennsylvania Fish and Boat Commission.

Exhibit 2

PFBC Districts and Terms

(As of October 4, 2021)

District	Counties	Incumbent (Home County)	Date Confirmed	Term Expiration	Eligible for Re- appointment (Yes/No)
One	Erie, Crawford, Mercer, Lawrence, Venango, Butler, Warren, Forest, and Clarion	Daniel Pastore (Erie County)	6/18/19	6/18/23	Yes
Two	Beaver, Allegheny, Washington, Greene, Armstrong, Indiana, Westmoreland, and Fayette	Rocco S. Ali (Armstrong County)	10/15/12	10/15/20	No
Three	McKean, Elk, Jefferson, Potter, Cameron, Clearfield, Clinton, and Centre	William C. Brock (Elk County)	7/17/17	7/17/21	Yes
Four	Cambria, Somerset, Blair, Bedford, Huntingdon, Fulton, Mifflin, and Juniata	Donald K. Anderson (Somerset County)	10/1/18	10/1/22	Yes
Five	Tioga, Lycoming, Union, Snyder, Bradford, Sullivan, Columbia, Montour, and Northumberland	Eric C. Hussar (Union County)	6/18/19	6/18/23	Yes
Six	Franklin, Perry, Cumberland, Adams, Dauphin, York, Lebanon, and Lancaster	Robert B.J. Small (Cumberland County)	7/17/17	7/17/21	Yes
Seven	Susquehanna, Wyoming, Luzerne, Lackawanna, Carbon, Wayne, Pike, and Monroe	William Gibney (Wayne County)	6/18/19	6/18/23	Yes
Eight	Schuylkill, Berks, Chester, Northampton, Lehigh, Bucks, Montgomery, Philadelphia, and Delaware	Richard S. Kauffman (Berks County)	6/18/19	6/18/23	Yes
Boating	At-Large	Charlie Charlesworth (Lackawanna County)	6/18/19	6/18/23	Yes
Boating	At-Large	Richard Lewis (Adams County)	7/17/17	7/17/21	Yes

Source: Developed by LBFC staff from information obtained from the PFBC.

Fish Fund and Boat Fund

The PFBC administers two funds, the Fish Fund and the Boat Fund. All fees, royalties, fines, penalties, and other monies paid, received, recovered, and collected under the Fish and Boat Code are to be deposited into these funds. Further, all funds received pursuant to the Liquid Fuels Tax Act (75 Pa.C.S. §9017) are to be deposited into the Boat Fund. As stated in the Fish and Boat Code (30 Pa.C.S. §521 and §531), monies in

both funds may be used for the following purposes relating to fish and fishing and boats and boating from each fund respectively:

- The payment of expenses incurred in processing, issuing, or supervising the issuance of fishing licenses, boat registrations, special licenses, and permits.
- Salaries and/or wages, and travel expenses of the executive director and other employees.
- Travel expenses of Commission members, officers, and employees.
- Purchase of furniture, supplies, materials, equipment, fuel, motor vehicles, boats, and insurance.
- Postage and telephone expenses.
- Rentals for any offices outside of the Capitol buildings or any other grounds, buildings, or quarters necessary for the work of the Commission.
- Purchase of lands, waters, and the impounding of waters in Pennsylvania for fishing, boating, and other recreational purposes.
- The refund of fees, royalties, fines, or other monies erroneously or unjustly paid into the Fish Fund or the Boat Fund.
- The lease of land, interests in land, or licenses for the use of the Commission.
- The purchase of such furniture, furnishings, stationery, supplies, materials, equipment, fuel, motor vehicles, boats, and printing and binding as may be necessary to the conduct of the work of the Commission, and the payment of premiums on surety bonds for such officers or employees of the Commission as may be required to obtain policies of workmen's compensation insurance and policies of liability insurance covering the motor vehicles and persons operating them.

Additionally, monies in the **Fish Fund** may be used specifically for fish and fishing-related purposes such as the following:

- Propagation, protection, management, and distribution of fish and fish stocking.
- Necessary repairs and improvements to fish cultural stations and other buildings, offices, or quarters used by the Commission.
- Direct purchase of fish and fish food.
- Purchase and acquisition of additional land and waters for fish cultural stations, the purchase and construction of buildings, ponds, and other extensions incidental to fish cultural stations, the propagation and protection of fish cultural stations, and the distribution and stocking of fish from fish cultural stations.
- Other contingent, incidental, and other expenses reasonably necessary in carrying on the work of the Commission, including the costs of activities for the promotion of public interest in recreational fishing in Pennsylvania.

Monies in the **Boat Fund** may be used specifically for boats and boating-related purposes such as the following:

- Maintenance and operation of Commission boats.
- The payment of the travel and other expenses of the Boating Advisory Board, officers, employees, and other persons as may be required for the work of the Commission.
- Necessary repairs and improvements to boating access areas and buildings, offices, or quarters used in the work of the Commission.
- The maintenance and operation of such boats as may be required for the business of the Commission.
- The purchase of lands and waters and the impounding of waters and to make them available for use by the citizens of this Commonwealth for boating and other related recreational purposes.
- The development and implementation of a boating safety education program.
- Any contingent, incidental, or other expenses of any kind or description reasonably necessary in carrying on the work of the Commission relating to boats and boating including the costs of activities for the promotion of recreational boating in this Commonwealth.

The Fish and Boat Code also authorizes the Commission to enter into cooperative agreements with Pennsylvania, federal, and other state and local government agencies and interstate compact agencies for the purpose of impounding, managing, using, maintaining, and operating waters for public fishing and for public boating.³ Both Fish Fund and Boat Fund monies may be expended for agreed upon pro rata shares of the cost of the acquisition, construction, operation, and maintenance of these projects. In addition, the Commission may enter into agreements and expend monies from the Fish Fund and the Boat Fund pursuant to private or commercial interests for fishing and boating purposes.

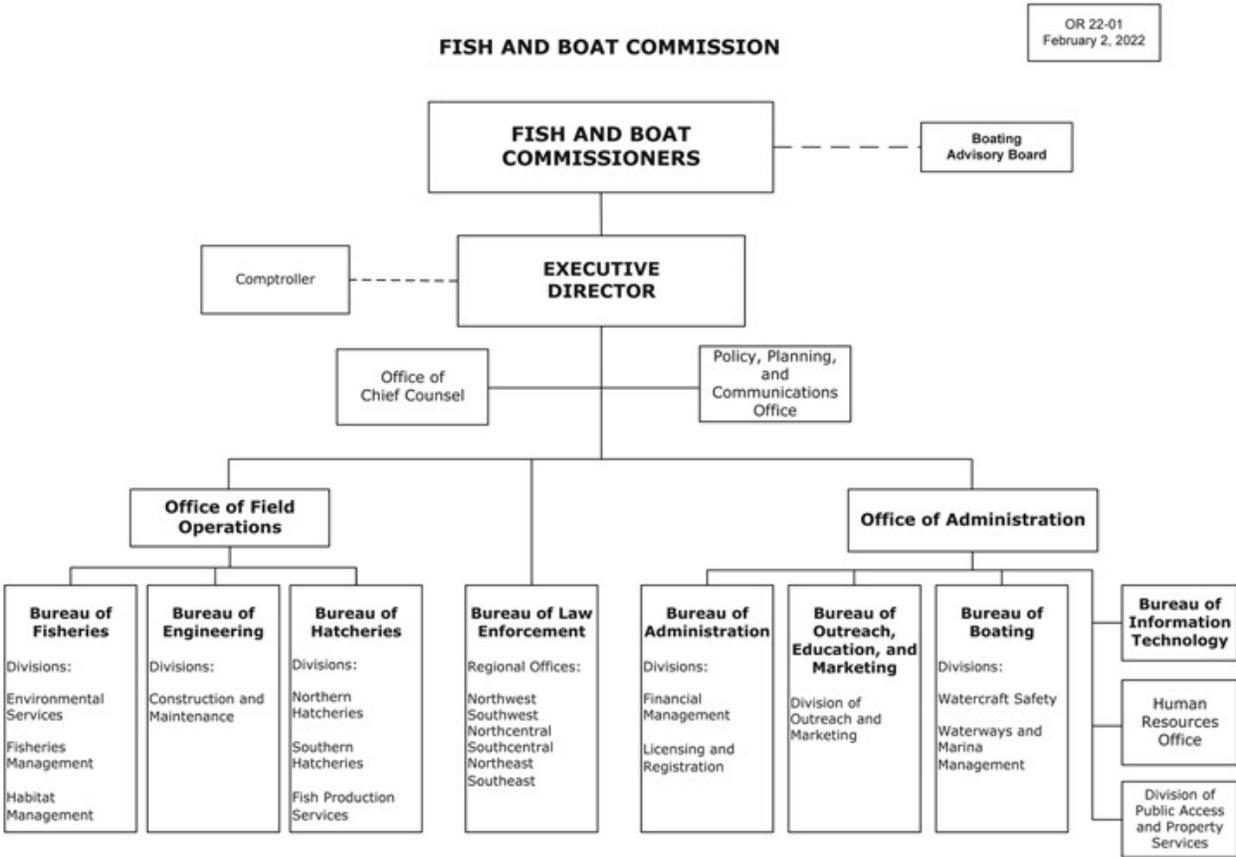
Agency Organization

As shown on Exhibit 3 that follows, the PFBC is currently going through an agency restructuring, which is pending approval from the state's Executive Board. Under the restructuring, the PFBC will continue to have three primary business areas which are the Office of Field Operations: The Bureau of Law Enforcement, and the Office of Administration. Additionally, the Policy and Planning Office and the Office of Chief Counsel report to the Executive Director, who in turn reports to the Fish and Boat Commissioners.

³ See 30 Pa.C.S. §521(b).

Exhibit 3

PFBC Organization Chart



Source: PFBC.

A brief description of the functions of the PFBC units follows:

Executive Director: Performs the duties and responsibilities vested in and imposed upon the agency by the Fish and Boat Code, 30 Pa.C.S. §101 et seq.; administers the operations and activities of the entire organization; serves as the Chief Waterways Conservation Officer; and serves as an ex-officio member on several boards and other entities.⁴

- **Office of Chief Counsel:** Provides legal services to the PFBC with regard to questions, policies, and concerns arising from the performance of the Commission’s official duties; represents the PFBC in all state courts in civil matters and in all state and federal administrative proceedings before various other agencies including, e.g., the State

⁴ For example, the Atlantic States Marine Fisheries Commission, the Environmental Quality Board, the Mid-Atlantic Fisheries Management Council, and the Boating Advisory Board.

Civil Service Commission; drafts proposed legislation, regulations, contracts, and other legal documents; coordinates the legal aspects of land acquisition and disposition; advises the PFBC's Open Records Officer regarding the Right-to-Know Law; coordinates with other state agencies on a wide variety of matters, e.g., contracts; coordinates agency actions where a PFBC employee or officer is sued or charged with a crime; advises, counsels, and assists in the conduct of administrative hearings and functions as a hearing officer when appropriate; and attends PFBC and Boating Advisory Board meetings and other proceedings that pertain to the agency's operations.

- **Policy and Planning Office:** Conducts research, gathers data and identifies trends to develop policy recommendations consistent with the PFBC's goals and is responsive to the needs of the fishing and boating public; ensures that various agency initiatives are consistent with broader policy objectives and compatible with the strategic vision of the PFBC; develops short range goals and objectives and long range strategic plans that are consistent with the agency's priorities; develops and implements the agency's legislative agenda and serves as liaison to the legislature and monitors and analyzes relevant legislation; prepares position statements on plans, initiatives, regulations and legislative actions proposed by federal and state agencies; annually develops and updates the PFBC's comprehensive planning documents including a property and land development master plan.

Office of Field Operations: Manages, develops, and coordinates the PFBC's primary agency activities involved in engineering, fisheries, and hatcheries.

- **Bureau of Fisheries:** Directs the research, management, conservation, and protection of fish, fisheries, reptiles, amphibians, and other aquatic organisms including threatened and endangered species; represents the Executive Director on various agencies and committees. This Bureau includes the Division of Environmental Services, the Division of Fisheries Management, and the Division of Habitat Management.⁵
- **Bureau of Hatcheries:** Directs the production and stocking of fish in Pennsylvania waters, including Lake Erie; manages hatchery effluents within National Pollutant Discharge Elimination System (NPDES) permit limits; provides oversight of the infrastructure and renovations to state fish hatcheries; directs all interstate exchanges or trades of fish and eggs; and represents the agency on various interstate and intra-state aquaculture related committees and organizations. This Bureau

⁵ This includes the Mid-Atlantic Fishery Management Council, the Atlantic States Marine Fisheries Commission, the Great Lakes Fishery Commission, the Council of Great Lakes Fisheries Agencies, the Mississippi Interstate Cooperative Resource Association, the Northeast Association of Fisheries Agency Administrators, various committees within the Association of Fish and Wildlife, and other organizations and interagency committees as necessary.

includes the Division of Northern Hatcheries,⁶ the Division of Southern Hatcheries,⁷ and the Division of Fish Production Services.

- **Bureau of Engineering:** Directs the planning, engineering, design, construction, and maintenance of fishing and boating facilities, hatcheries, and other PFBC property. This Bureau includes the Division of Construction and Maintenance.

Office of Administration: Manages, develops, and coordinates the PFBC's administrative, information technology, public access, and real estate programs, as well as boating activities.

- **Bureau of Administration:** Provides administrative support services for all PFBC operations and programs: procures, monitors maintenance, operating expenses and repairs, and disposes of vehicles; administers the surplus property program; oversees the maintenance and operation of the PFBC's headquarters building; administers the PFBC's Right-To-Know Law program; administers the PFBC's records management program; administers and coordinates all federal grants; develops proposals to receive and expend federal funds; records and analyzes the expenditure of federal funds; serves as the coordinator for federal projects between the PFBC, other state agencies, and the federal government; and provides mail, messenger, and related services. This Bureau includes the Division of Financial Management and the Division of Licensing and Registration.
- **Bureau of Information Technology:** Provides overall direction, support, and management of all aspects of the PFBC's information technology infrastructure, including network architecture, Inter/Intranet application web development, Geographical Information Systems (GIS), and telecommunications; manages and provides support for all components of an information technology network and data store that are needed to sustain the business requirements of the PFBC; provides technology solutions to enhance system interoperability, security, and cost effectiveness for the PFBC, as well as supports both internal and external customer needs; operates and maintains all distributed computing platforms and systems used within the PFBC; coordinates customer service activities; and ensures compliance with Commonwealth policies and standards, where appropriate.
- **Division of Public Access & Property Services:** The Public Access Section administers the Lake Erie Access Improvement Program and the comprehensive statewide public access and lands conservation program designed to protect land resources and habitats; applies for and administers grants and other non-traditional funding sources to

⁶ These hatcheries include the following: Corry, Union City, Fairview, Linesville, Oswayo, Pleasant Mount, and Tionesta.

⁷ These hatcheries include the following: Bellefonte, Benner Spring, Huntsdale, Pleasant Gap, Tylersville, and Reynoldsdale.

support public access programs and initiatives; administers the Clean Vessel Act and Boating Infrastructure and Facilities Development Grant programs; administers the statewide Boating Facility Grant program; provides technical assistance on the design of fishing and boating access facilities; and provides support to the PA Water Trails Partnership. The Property Services Section manages the statewide real estate operations; administers and coordinates statewide land acquisition and disposition and land use programs including leasing agreements; evaluates and reconciles property encroachment, title, and property ownership and control issues; maintains the PFBC real estate records; maintains agreements and in-lieu-of-tax payments obligations; researches, evaluates, and responds to property related inquiries from PFBC staff, other agencies, legislators, and the public; and assists and supports PFBC staff with the evaluation and implementation of gas and water land use agreements for PFBC property.

- Bureau of Outreach, Education, and Marketing: This Bureau was created during an agency reorganization in 2015. The Bureau includes the Division of Outreach and Marketing and the Communications Office, which is responsible for all of the agency's public relations initiatives.
- Human Resources Office: Coordinates the recruitment and placement of PFBC employees, including workforce and succession planning; coordinates the time and attendance, financial disclosure, workers compensation, safety, performance management, and unemployment compensation programs; advises staff about human resource policy and procedures, e.g., Governor's Code of Conduct; develops and administers the agency's training programs; ensures that equal opportunity, disability services programs, commercial drivers' license drug testing, and employee assistance programs are appropriately administered and communicated to all employees; and coordinates the agency's labor relations program by negotiating collective bargaining agreements, assisting in unfair labor practices and arbitrations, resolving grievances and employee complaint issues, and recommending appropriate levels of disciplinary action when necessary.
- Bureau of Boating. Newly proposed within this Office, the Bureau of Boating consists of the Watercraft Safety Division and the Division of Waterways and Marina Management. The PFBC hired a new director for this Bureau in April 2021.

Bureau of Law Enforcement: The Bureau of Law Enforcement directs the enforcement of the Commonwealth's fishing and boating laws and regulations and certain water pollution/disturbance laws, as well as enforcement of Title 18, the Crimes Code. Its corps of waterways conservation officers (WCOs) also provides education programs for boating, fish-

ing, and conservation; reviews permits for mine drainage and stream encroachments; administers the PFBC's special activities permits; and participates in fish stocking operations. WCOs are also called upon to engage in rescue and recovery operations associated with infrastructure failures or natural disasters (such as floods). The Bureau administers the agency's aids-to-navigation activities, the certification of passenger-for-hire boat operations, and the operation of the Northeast and Walnut Creek marinas. The Bureau is also responsible for the PFBC's deputy waterways conservation officers. The Bureau operates out of headquarters in Harrisburg as well as six regional offices.

Agency Complement

As of June 30, 2021, the PFBC's staff complement totaled 410 salaried positions, which is an increase of 29 positions since our last report in 2019. As shown below on Exhibit 4, 370 of the salaried positions were filled and 40 were vacant. The two largest bureaus continue to be the Bureau of Hatcheries and the Bureau of Law Enforcement, each with 110 total positions.

Exhibit 4

PFBC Salaried Staff Complement, by Organizational Unit (As of June 30, 2021)

Organizational Unit	Filled	Vacant	Total
Executive Office	8	0	8
Office of Administration	10	0	10
Office of Field Operations	0	1	1
Bureau of Law Enforcement	97	13	110
Bureau of Administration	27	2	29
Bureau of Information Technology	11	1	12
Bureau of Fisheries	53	5	58
Bureau of Engineering	39	8	47
Bureau of Boating	6	1	7
Bureau of Outreach, Education & Marketing	13	5	18
Bureau of Hatcheries	106	4	110
Total:	370	40	410

Source: Developed by LBFC staff from information provided by the PFBC.

SECTION III PFBC FISCAL CONDITION



Fast Facts...

- ❖ *The PFBC's two special funds—the Fish Fund and the Boat Fund—each have healthy reserve fund balances. As of June 30, 2021, the Fish Fund reserve balance was \$70.5 million, and the Boat Fund reserve balance was \$83.7 million.*
- ❖ *Fish Fund licenses and fees increased by 19 percent, while Boat Fund registration fee collection increased by 25 percent, over the past three years. The COVID-19 pandemic, which renewed interest in outdoor activity, drove these increases.*
- ❖ *Further consideration should be given to consolidating the Fish Fund and the Boat Fund into one special fund, but further study on the pros and cons is warranted.*

Overview

While the PFBC's authority is derived from the Commonwealth's Fish and Boat Code, which gives the agency regulatory enforcement over aquatic life and boating activities—in terms of financially supporting the agency—two special funds support agency operations: the **Fish Fund** and the **Boat Fund**.

These two funds are administered by the PFBC; however, the funds may only be used for separate and distinct purposes of the PFBC. Specifically, the Fish Fund provides funding for the administration and enforcement of the fish laws and the protection/propagation of aquatic life. Similarly, the Boat Fund provides funding for the administration and enforcement of programs relating to boats and boating activities. The PFBC codes fiscal transactions between these two funds based on predetermined cost schedules.

In the sections that follow, we present our analysis of the PFBC's fiscal condition, including a review of revenue and expenditures for each of the funds for the period FY 2018-19, through FY 2020-21.⁸ Overall, we found that the PFBC's fiscal condition is secure, due largely to an unintended consequence of the COVID-19 pandemic—a resurgence in participating in outdoor-related activities, like fishing and boating. We found that the combined reserve fund balance (Fish Fund and Boat Fund) was more than \$154 million as of June 30, 2021. These reserves were supported by expenditure controls, but more directly, by a three-year increase in fishing license sales of 19 percent, and a respective 25 percent increase in boating registration fee collection. Going forward, the PFBC plans to spend down these reserve fund balances and hold reserve fund balances to 70 percent of the previous year's revenues.

Currently, while the PFBC's financial condition is stable, we believe there is value in consolidating the Fish Fund and Boat Fund into one special fund. We recognize that there are pros and cons to this consolidation.

⁸ Information for this section of the report was obtained from PFBC budget and fiscal reports for the period FY 2018-19 through FY 2020-21. We conducted tests to verify the accuracy and reliability of the information; however, this information is unaudited. We believe this information is sufficiently reliable to be used for the purposes of this report.

The benefits include administrative cost savings and better strategic planning for the PFBC going forward. This latter aspect is especially significant as the PFBC begins to spend down reserves in support of needed infrastructure improvements to support the agency's mission. The primary downside seems to be concern over how the distinction between fishing and boating activities would be tracked. However, since these activities are also closely interrelated, this distinction may not be a significant concern. A possible consolidation was outside our current objectives for this report; therefore, we recommend that the General Assembly direct us to conduct a more thorough review of the matter and report back to the House and Senate Game and Fisheries Committees with our results.

Issue Areas

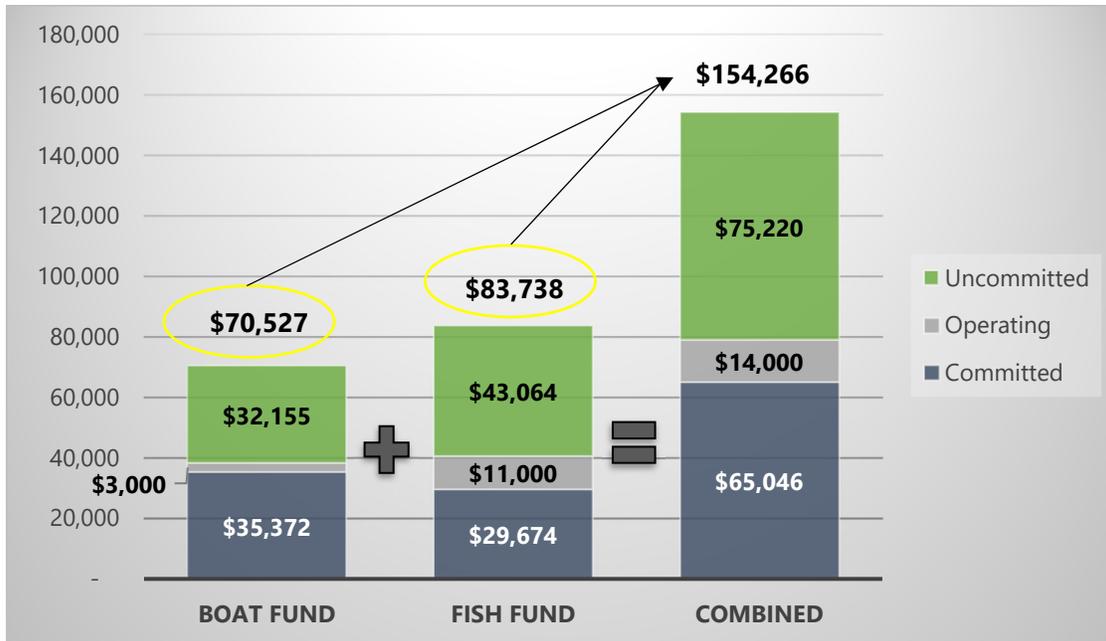
A. Reserve Fund Balances

To assess the financial condition of the Fish Fund and the Boat Fund, we used a cash flow analysis. This analysis is based on revenues coming into the agency and expenditures going out of the agency. The difference between these two influences results in either a surplus (i.e., the PFBC spent less than it received) or a deficit (i.e., the PFBC spent more than it received).

As of June 30, 2021, the PFBC, through its two special funds—the Fish Fund and the Boat Fund—had a combined total reserve of \$154.3 million. As shown in Exhibit 5, the Fish Fund and the Boat Fund continue to be fiscally sound.

Exhibit 5

Combined Funds Total More than \$150 Million
As of June 30, 2021*
(Amounts in \$000)



Note:

*/This balance is calculated on a cash flow basis and represents a "snap-shot" of agency reserves on that date. Additional expenses paid after June 30, 2021, would reduce this amount.

Source: Developed by LBFC staff from information provided by PFBC.

As further shown in Exhibit 5, the PFBC tracks three different reserve balances: committed, operating, and uncommitted. Each balance is described below:

Committed. These funds serve a predetermined purpose within the agency's operations. These funds are set aside for future contractual obligations. The funds may originate from restricted revenues received through legal settlements or legislative mandates, or revenues collected in advance (e.g., as part of the multi-year fishing license program).

Operating. Revenue into the Fish Fund and Boat Fund fluctuates from week to week. In the case of the Fish Fund, revenue is primarily collected in the spring when angler licenses are sold. For the Boat Fund, revenue collection peaks in the summer months from boat registrations and in the winter when it receives Oil Franchise Tax revenue. Because of these spikes, the PFBC must retain funds to ensure

sufficient cash is on hand to meet cash flow needs when revenues do not cover expenditures. To cover these “lean” periods, the PFBC retains an \$11 million operating reserve in the Fish Fund and a \$3 million operating reserve in the Boat Fund.

Uncommitted. These funds are invested by the Department of the Treasury on behalf of the PFBC. Generally, these funds are more than the operating needs or annual budget requirements. These funds are kept in reserve in case of emergency infrastructure needs (e.g., dam failure; major hatchery issue; PALS system outage during peak season), and operating funds required to ensure sufficient cash is on hand to meet annual cash flow needs when revenues do not cover expenditures. Uncommitted funds include revenue the PFBC receives under the natural gas and water access program.⁹

Exactly how much of a reserve balance the PFBC should maintain is a policy decision for the Commission and the General Assembly. As we reported previously, and as confirmed by analysis conducted by the Pennsylvania State University, the PFBC’s reserve balance should be viewed as a strategic strength and should be maintained as a type of rainy-day fund for unforeseen needs, and it would weaken the agency if leadership were required to deplete the reserve fund.¹⁰

In our last audit, we found that as of June 30, 2018, the PFBC held a total reserve fund balance (both funds) of \$109.3 million. As such, over the past three years, the PFBC grew its total reserve fund balance by 41.1 percent. As discussed in the following section on the change in fund balances, this condition is notable given the rising personnel costs of the agency.

Going forward, the PFBC indicated that it intends to spend down the reserve fund balance in the funds, and it plans to keep reserve fund balances at 70 percent of the prior year revenue level. We concur with this strategic initiative, which should provide benefit to the commonwealth’s anglers and boaters. However, given the uncertainty and still possible unforeseen conditions from the COVID-19 pandemic, we caution that the PFBC should judiciously monitor revenues in the next two years.

Change in Fund Balances

We agree that a financially secure reserve balance is advantageous for the PFBC, and as further depicted in Exhibit 6, the PFBC has witnessed an overall increase in reserve balances. This occurrence is notable given the

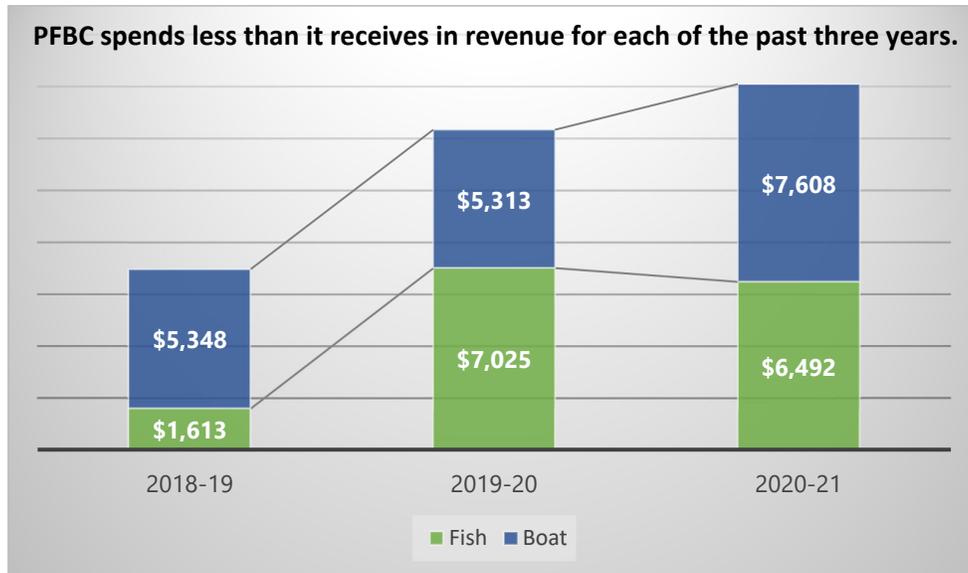
⁹ According to the PFBC, revenue from this program will be used to fund agency priority projects.

¹⁰ The Pennsylvania State University, the Smeal College of Business and the College of Agriculture, *PA Fish and Boat Commission Business Planning*, July 1, 2017.

uncertainty we previously projected with rising personnel costs and how they might outstrip the agency's ability to grow its reserves.

Exhibit 6

Change in Fund Balance*
Fish Fund and Boat Fund
(\$000)



Note:

*/ Using a cash flow basis, the change in fund balance is calculated as total revenues less total expenditures for each fiscal year as of June 30. These amounts are a surplus and are thus added to the overall fund balance maintained by the Department of Treasury. Additional expenditure commitments may be paid after June 30, which would change the final fund balances.

Source: Developed by LBFC staff from PFBC financial statements.

According to representatives from the PFBC, the agency grew its fund balances largely through the unprecedented revenue growth that occurred through increased license sales and boat registrations. Whether this occurrence will be sustainable in the future remains to be seen. Nevertheless, the increase in fund balances was an encouraging trend for the agency and can be viewed as an unintended consequence of the COVID-19 pandemic.

Ultimately, a large fund balance is derived by maximizing revenues and minimizing expenses. In the two sections that follow, we will discuss these influences in more detail and the apparent trends impacting the PFBC's financial condition for the period FY 2018-19 through FY 2020-21.

B. Revenues

Fish Fund and Boat Fund revenues are grouped into four categories. These categories are:

Licenses and Fees are the largest revenue category for each fund.

Licenses and Fees. This category represents the largest share of revenue for both the Fish Fund and Boat Fund. In FY 2020-21, 62.3 percent of total revenue was generated by licenses and fees. For the Fish Fund, this category includes the sale of angler licenses, and for the Boat Fund, the primary revenue generators are boat title and registration fees (see Appendix B for fishing license and permit sales and Appendix C for boat registration/title/permit sales).

Federal Grants/Augmentations. Included within this category are revenues from the federal government and from the state. For the Fish Fund, revenue is received from the US Fish and Wildlife Service and from other federal sources pertaining to the rehabilitation and restoration of aquatic resources. For the Boat Fund, federal augmentations are also received from the US Fish and Wildlife Service and from the US Coast Guard for other boating-related activities.

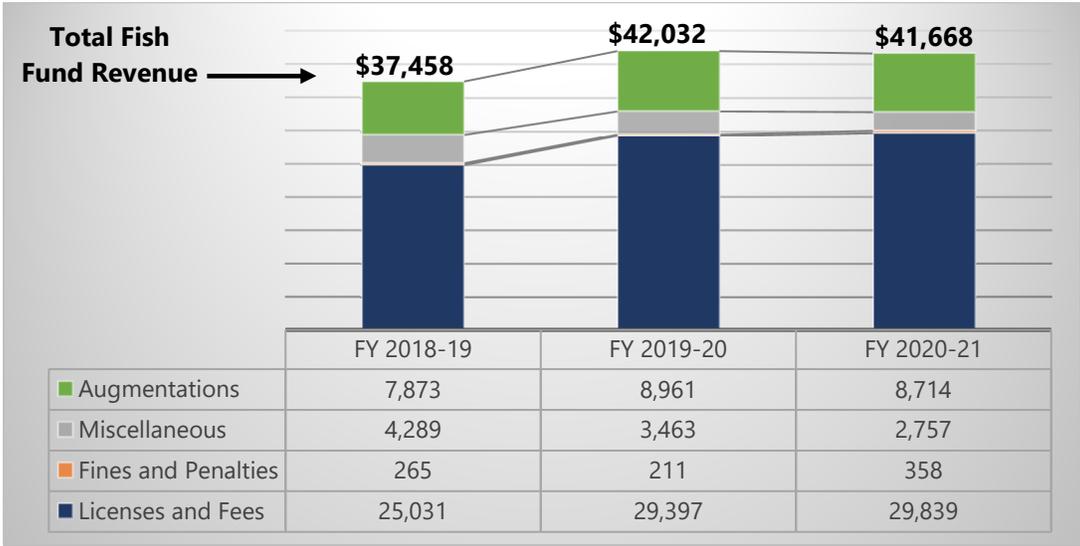
Miscellaneous Revenue. For the Fish Fund, this category includes primarily interest on securities and deposits held and invested by the Department of Treasury. Other categories include the sale of timber and revenue collected from sand and gravel dredging. Within the Boat Fund, this category includes primarily reimbursement from the Motor License Fund for Oil Franchise Taxes collected on the sale of motorboat fuel.

Fines and Penalties. For both funds, this category represents fines and penalties collected from violations of the Fish and Boat Code. This category is a small percentage of total revenues for both funds.

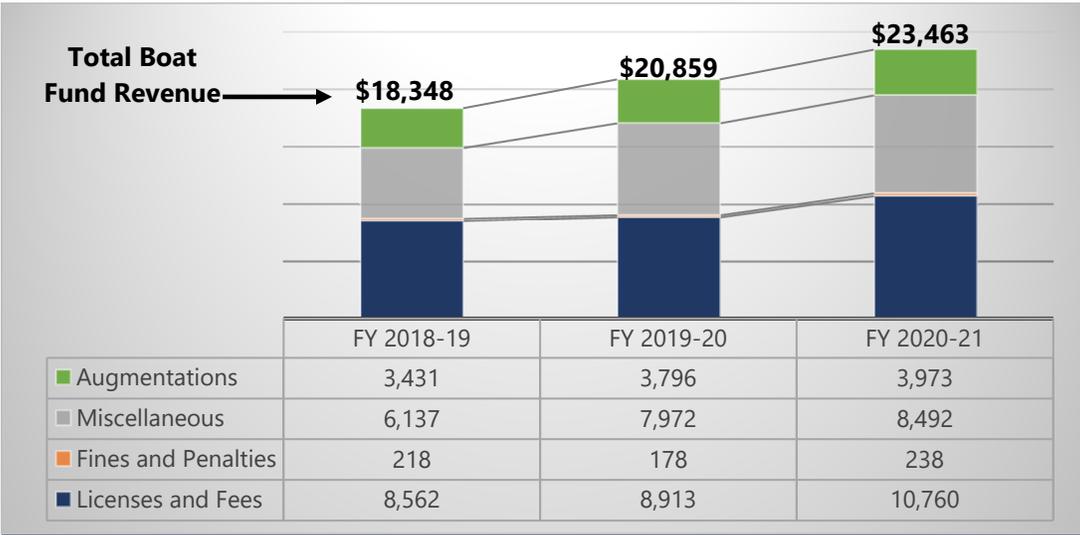
As shown in Exhibit 7, both funds have witnessed increases/decreases across the respective categories. As we mentioned in the discussion on fund balances, both the Fish Fund and the Boat Fund saw a significant increase in licenses and fees revenue since FY 2018-19.

Exhibit 7

Fish Fund Revenues by Category (\$000)



Boat Fund Revenues by Category (\$000)



Source: Developed by LBFC staff from PFBC financial statements.

To highlight these trends, using the revenue data presented in Exhibit 7, we also calculated the percentage increase by year, as well as over the

three-year period (FY 2018-19 through FY 2020-21). The results are presented in Exhibit 8:

Exhibit 8

**Fish Fund and Boat Fund – Revenue Categories
Percentage Increase/Decrease
(By Fiscal Year and By Review Period)**

Fish Fund	First Year	Second Year	Three Year Trend
	FY 2018-19 to FY 2019-20	FY 2019-20 to FY 2020-21	FY 2018-19 to FY 2020-21
	Percentage Increase or (Decrease)		
Licenses & Fees	17.4	1.5	19.2
Fines & Penalties	(20.4)	69.7	35.1
Miscellaneous Revenues	(19.3)	(20.4)	(35.7)
Augmentations	13.8	(2.8)	10.7
Fish Fund Total	12.2	(0.9)	11.2

Boat Fund	First Year	Second Year	Three Year Trend
	FY 2018-19 to FY 2019-20	FY 2019-20 to FY 2020-21	FY 2018-19 to FY 2020-21
	Percentage Increase or (Decrease)		
Licenses & Fees	4.1	20.7	25.7
Fines & Penalties	(18.3)	33.7	9.2
Miscellaneous Revenues	29.9	6.5	38.4
Augmentations	10.6	4.7	15.8
Boat Fund Total	13.7	12.5	27.9

Source: Developed by LBFC staff from PFBC financial statements.

PFBC Revenue Analysis

In looking at Fish Fund and Boat Fund revenues (FY 2018-19 through FY 2020-21) we observed the following trends:

- Licenses and Fees** were the largest revenue source for both funds, accounting for 72 percent of all Fish Fund revenue and 46 percent of all Boat Fund revenue in FY 2020-21. Additionally, the licenses and fee revenue for each fund increased substantially over the three-year period, with the Fish Fund growing by 19.2 percent and the Boat Fund rising by 25.7 percent. We attributed this occurrence to the unforeseen consequence of the COVID-19 pandemic, which saw an increased interest in outdoor activities, and specifically angling and boating opportunities. The PFBC concurred with this assessment.

- **Miscellaneous Revenues and Augmentations** are the next two largest sources of funding in both funds in FY 2020-21. Augmentations for both the Fish Fund (10.7 percent) and the Boat Fund (15.8 percent) have increased over the last three years. Miscellaneous Revenue in the Fish Fund has decreased by 35.7 percent during the three-year period, which was attributed to several factors including: lower interest rates, reduced number of pollution/stream disturbance settlements, as well as diminished timber sales and sand/gravel dredging activities.
- **Fines and Penalties** are the smallest source of revenue for the funds, accounting for only one percent of total revenue for each in FY 2020-21. In a change of course from our last report, this category has experienced net increases over the three-year reporting period. Fines and penalties revenue in the Fish Fund increased by 35 percent over that time, including an almost 70 percent jump from FY 2019-20 to FY 2020-21. A near 34 percent increase in fines and penalties from FY 2019-20 to FY2020-21 helped spur this category in the Boat Fund to 9.2 percent growth over the last three years. The PFBC noted that due to more Waterway Conservation Officers (WCOs) in the field, as well as an overall increase in fishing and boating activities overall, by extension, fines and penalties also increased.

More specific to each fund and the line-items that constitute each revenue category, we observed the following:

Fish Fund

- Within the license and fee revenue category, the largest line-item was the resident fishing license, which provided approximately \$16.6 million in FY 2020-21, or 56 percent of all license and fee revenue. Over the three-year period reviewed, this line-item increased by 17 percent. The next largest line item was the trout/salmon permit, accounting for just under 20 percent of all license and fee revenue. This line item contributed \$5.5 million to the Fund in FY 2020-21 and increased by 19 percent in the last three years. Additional information on the variety and number of licenses sold is found in Appendix B.
- Augmentations represented the second largest revenue contributor to the Fish Fund. Within this revenue category, the line items for the federal Sport Fish Restoration Act Program (\$7.1 million) and the State Wildlife Grant Program (\$781,000) constituted nearly 91 percent of revenue in the augmentation category. While the State Wildlife Grant Program decreased by seven percent over the three-year period, the Sport Fish Restoration Act Program increased by 11 percent. A new grant from the EPA (\$242,469) related to the Chesapeake Bay also began in FY 2020-21.

- Within the miscellaneous revenue category, the line item “interest on securities and deposits” constituted 62.7 percent of total miscellaneous revenue (\$1.7 million) in FY 2020-21. This line item is driven by investments made by the Department of Treasury on funds held in the Fish Fund. During the three-year review period, this line-item decreased by 17 percent. The next largest contributor – income from sand and gravel dredging – accounted for approximately eight percent of miscellaneous revenue (\$217,000) in FY 2020-21. This line item decreased by 27 percent over the last three years. It is also worth noting that the sale of property (through Department of General Services) increased by 26,160 percent from FY 2018-19 to FY 2020-21, including an increase of over 2,000 percent last year. At \$139,000, this line item contributed five percent of all miscellaneous revenue in FY 2020-21. This increase was the result of the PFBC’s selling retired fixed assets that it had acquired over the years.

Boat Fund

- Motorboat registration fees and boat titling fees were the two largest contributors for license and fee revenue, which was the largest category within the Boat Fund (see Appendix C for trend information on boat registrations/titles/permits). Together, these line-items accounted for over 95 percent of revenue in the category. Growing by nearly 25 percent over the three-year period, motorboat registration fees contributed \$9.6 million in FY 2020-21. Boat titling fees accounted for \$674,000 last year and increased by approximately 30 percent between FY 2018-19 and FY 2020-21.
- Miscellaneous revenue was the second largest contributor to the Boat Fund. Reimbursements from motor license and liquid fuels tax funds (\$6.9 million) and interest on securities and deposits (\$869,000) were the two main contributors in the category, making up 92.5 percent of all miscellaneous revenue. However, while reimbursements from motor license and liquid fuels tax funds increased by 49.3 percent over the three-year period, interest on securities and deposits shrank by 38 percent in the same time span.
- The only two consistent contributors within augmentations came via grants from the U.S. Coast Guard for boating safety and the Sport Fish Restoration program, a federally funded initiative that provides funds to states for fishery projects, boating access, and aquatic education. At \$2.4 million, grant money from the Coast Guard accounted for 61.5 percent of all augmentation revenue within the Boat Fund for FY 2020-21. This funding increased by five percent over the three-year period. The remaining \$1.5 million (38.5 percent) of augmentation revenue for FY 2020-21 came from Sport Fish Restoration grants, a program that increased in total revenue by 38.4 percent since FY 2018-19. Despite a single revenue contribution of \$17,000

from the Clean Vessel Act in FY 2019-20, no other augmentation line-items added to the Boat Fund over the observation period.

C. Expenditures

Because of the different intended purposes of the Fish Fund and the Boat Fund, the PFBC tracks expenditures separately from each respective fund. For each fund, the PFBC uses standard commonwealth accounting practices and groups expenditures (commitments) by major object spending.

According to the Governor's Office of the Budget, major objects include first-level expenditure groupings and include the following:¹¹

Personnel expenses are the largest share of expenses for both funds.

Personnel. Includes the cost of salaries and wages, and the share of payroll taxes and employee benefits paid to (or on behalf of) state officials and employees for services rendered. Additionally, includes the share of unemployment compensation, and leave payouts. For both funds, personnel expenses represented the largest share of total expenses.

Operational Expenses. This category represents the next largest category of expenditures for the Fish Fund and the Boat Fund after personnel expenses. Operational expenses include expenditures used in the normal operation of the agency, including:

- Commodities, substances, or manufactured articles which are used or consumed in current operations or processed in the construction or manufacture of articles.
- Equipment, leased software, expendable tools, and other articles not meeting the criteria below for fixed assets.
- Services performed by Commonwealth or outside agencies or contractors which may include the use of equipment or the furnishing of commodities in connection with these services under express or implied contracts.

Fixed Assets. Assets of a long-term character such as buildings, machinery, furniture, and other equipment costing more than \$5,000 and that meet the following criteria:

- Items can be expected to have a useful life of more than one year.

¹¹ See Governor's Office of the Budget, Management Directive 310.3, Amended, April 4, 2018.

- Items that can be used repeatedly without materially changing or impairing their physical condition and that can be kept in serviceable condition by normal repair, maintenance, or replacement of parts or components.

- Includes livestock, game, and poultry, breeding, land acquisitions or construction of buildings and structures, capital improvements to buildings and structures, and nonstructural improvements.

Grants. Payments made by the agency to political subdivisions, individuals, institutions, and organizations for which no direct services are rendered.

Non-Expense. A disbursement of funds that is not considered an expense, such as a loan. During the review period, for both funds, this category had infrequent expenditures and/or contained negative amounts.

For the period under review (FY 2018-19 through FY 2020-21), we obtained PFBC major object expenditure information on a cash flow basis. Exhibit 9 lists these amounts for both the Fish Fund and the Boat Fund.

Exhibit 9

Fish Fund Expenditures Increased Less than 2 Percent Since FY 2018-19 (\$000)*

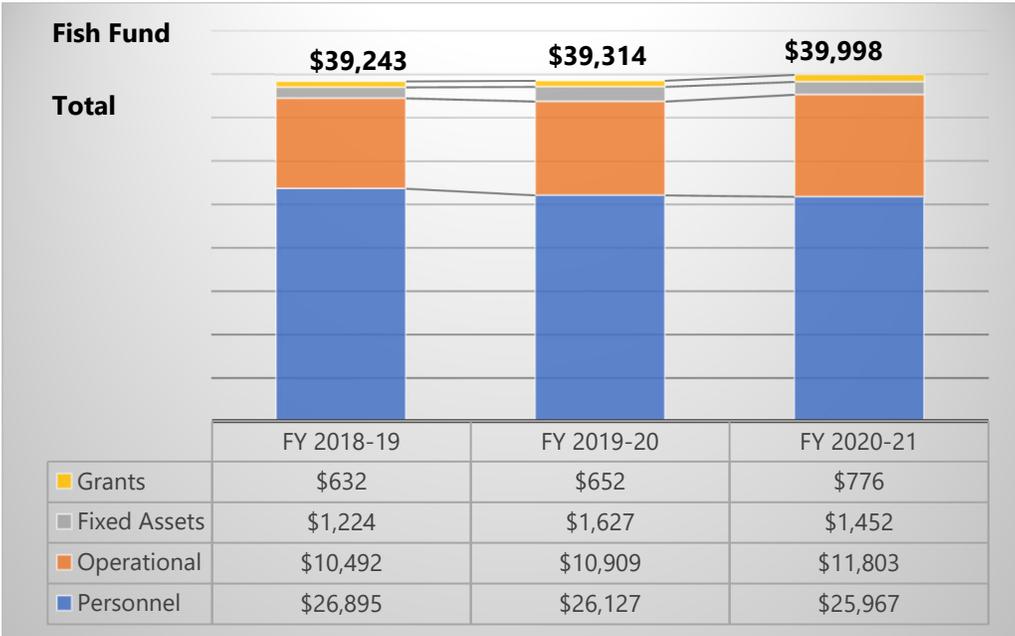
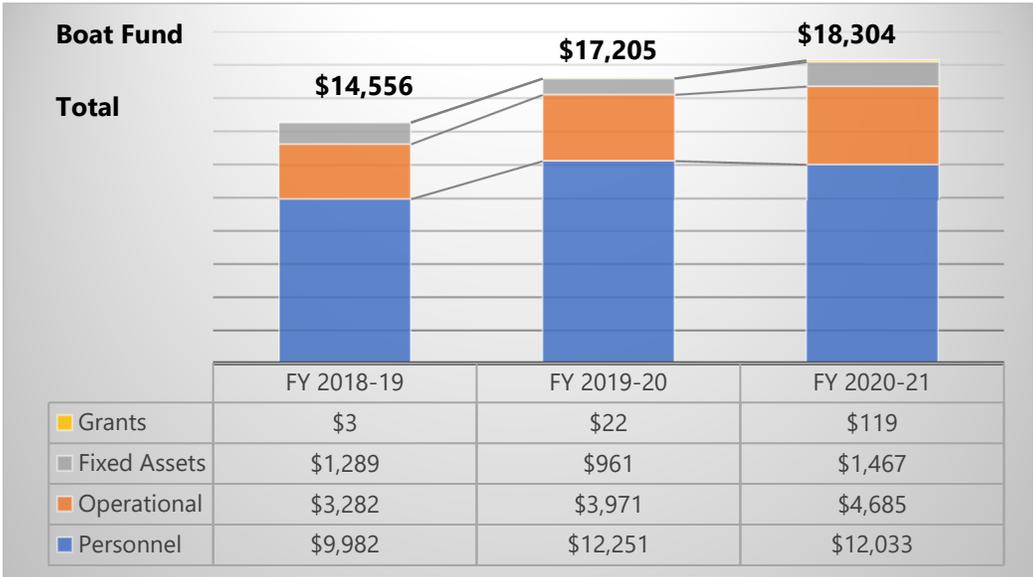


Exhibit 9 Continued

**Boat Fund Expenditures Increased 25.7 Percent
Since FY 2018-19
(\$000)***



Notes:
*/ Based on total expenditures for the fiscal year, which includes expenditures paid after June 30 of each respective fiscal year.

Source: Developed by LBFC staff from PFBC financial statements.

As shown above, personnel and operational expenses account for most of the PFBC’s spending. These two combined categories represented 97 percent of Fish Fund total expenditures and 95 percent of Boat Fund total expenditures, respectively.

To view the trends more closely by major object, we also calculated the percentage change from the Fish Fund and the Boat Fund. The results are presented in Exhibit 10.

Exhibit 10

**Fish Fund and Boat Fund – Major Object Expenditures*
Percentage Increase/Decrease
By Fiscal Year and By Review Period**

Fish Fund	<u>First Year</u>	<u>Second Year</u>	<u>Three Year Trend</u>
	FY 2018-19 to FY 2019-20	FY 2019-20 to FY 2020-21	FY 2018-19 to FY 2020-21
Percentage Increase or (Decrease)			
Personnel	(2.9)	(0.6)	(3.5)
Operational	4.0	8.2	12.5
Fixed Assets	32.9	(10.7)	18.6
Grants	3.1	19.1	22.8
Fish Fund Total	0.2	1.7	1.9

Boat Fund	<u>First Year</u>	<u>Second Year</u>	<u>Three Year Trend</u>
	FY 2018-19 to FY 2019-20	FY 2019-20 to FY 2020-21	FY 2018-19 to FY 2020-21
Percentage Increase or (Decrease)			
Personnel	22.7	(1.8)	20.5
Operational	21.0	18.0	42.7
Fixed Assets	(25.4)	52.6	13.8
Grants	562.5	451.0	3,550.1
Boat Fund Total	18.2	6.4	25.7

Note:

*Calculations are based on each fiscal year's total expenditures; thus, expenditures made after June 30 of each fiscal year are included.

Source: Developed by LBFC staff from PFBC financial statements.

PFBC Expenditure Analysis

Over the three-year period, there was just a 1.9 percent **increase** in total expenditures from the Fish Fund and a 25.7 percent **increase** in total expenditures from the Boat Fund. This latter increase being driven by significant increases in Personnel expenses and Grant spending within the Boat Fund, which, as will be discussed later, was related to a new cost shift differential between how agency expenses are assigned to the Fish Fund or the Boat Fund.

As shown in the previous exhibits, most PFBC expenditures fall under the personnel and operating expenditure groupings. With respect to personnel expenses, over the three-year period personnel expenses from the Fish Fund decreased by 3.5 percent, and personnel expenses increased by 20.5 percent from the Boat Fund (see discussion that follows on cost allocation between the funds). Given the mandated increases in expenses for healthcare, negotiated salary increases for employees covered by labor agreements, and pension-related costs for all agency employees, the PFBC has efficiently managed the growth of this significant expense category.

With respect to operating expenses, the Fish Fund saw an increase of 12.5 percent over the three-year period, while the Boat Fund witnessed a 42.7 percent decrease over the same period. With respect to fixed assets and the Fish Fund, there was an 18.6 percent increase over the three-year period. Boat Fund fixed asset spending rose by 13.8 percent over the three years. According to PFBC officials these costs increased because of the PFBC's new spending plan, which is to spend down reserve fund balances on facility upgrades and maintenance, and then maintain reserve balances at 70 percent of prior year revenue.

Finally, grant spending, which is mostly driven by federal funding, saw the greatest volatility. For the Fish Fund, grant expenditures increased by 22.8 percent over the three years. Grant spending from the Boat Fund saw the greatest volatility of any category in either fund. For example, there was a large increase of 562.5 percent from FY 2018-19 to FY 2019-20, followed by another large increase of 451 percent from FY 2019-20 to FY 2020-21. Over the three period, grant spending increased by 3,550.1 percent. These increases were attributed to the resurrection of the Boating Facility Grant Program.

D. New Bureau Cost Allocation

The PFBC must allocate expenses between the Fish Fund and the Boat Fund.

A newly updated cost distribution formula aids in this process.

The Fish and Boat Code (Code) requires that the revenue collected in each fund may only be used for the purposes delineated by the Code. In simple terms, this requirement means that fishing-related activities are paid from the Fish Fund, and boating-related activities are paid from the Boat Fund. While this requirement seems straight-forward, in actual practice it is somewhat difficult because apart from the Bureau of Fisheries and the Bureau of Hatcheries, every bureau has partial activity related to both categories of activities.

To meet this challenge, in FY 1994-95, PFBC staff conducted a comprehensive cost analysis of each bureau to determine what percentage of each bureau's expenditures should be applied to either the Fish Fund or the Boat Fund. For example, assume a fixed asset expenditure cost the

PFBC \$100,000. If the asset was used in a bureau where 60 percent of its activity pertained to fishing-related activities and 40 percent pertained to boating-related activities, the PFBC would have coded \$60,000 of the total expense to the Fish Fund and the remaining \$40,000 to the Boat Fund.

In several of our past reviews, we have encouraged the PFBC to conduct an update to its cost distribution formulas to ensure that the percentage "split" between the two funds remains current to the agency's actual spending. Since our last report, the PFBC has completed this analysis, and beginning in FY 2018-19, incorporated new expenditure schedules (cost splits).¹²

The cost splits are merely guidance for PFBC directors to use in allocating costs between the two funds. In actual practice, spending may differ slightly from the designated splits. Another important distinction with the new cost splits is that they better align to the agency's revised organizational structure. For example, the new Bureau of Boating, a bureau that has had several transformations over the years, has returned to a 100 percent Boat Fund funded entity. A comparison between the cost splits that were previously in effect, and the new cost splits is shown in Exhibit 11.

¹² In 2004, the PFBC did adjust the cost splits within the Bureau of Engineering.

Exhibit 11

Bureau Cost Split Comparison

Organizational Unit	1995-2018		2019-Present	
Bureau of Administration	60%	40%	60%	40%
Bureau of Boating & Outreach	50%	50%		
Bureau of Boating			100%	
Bureau of Engineering	60%	40%	50%	50%
Bureau of Fisheries	100%		100%	
Bureau of Hatcheries	100%		100%	
Bureau of Information Technology	60%	40%	60%	40%
Bureau of Law Enforcement	60%	40%	50%	50%
Bureau of Outreach, Education & Marketing	50%	50%	50%	50%
Deputy for Administration	50%	50%	50%	50%
Deputy for Field Operations			65%	35%
Executive Office	60%	40%	50%	50%

■ Fish ■ Boat

Source: Developed by LBFC staff from information provided by PFBC.

As shown above, the adjusted cost splits have shown more shifting toward the Boat Fund for the Bureau of Law Enforcement and the Executive Office (increasing from 40 percent to 50 percent). For the Bureau of Law Enforcement, this shift is consistent with the increased fines and penalties that the PFBC saw over the past three years. Additionally, with the reorganization of the Bureau of Boating and Outreach into the Bureau of Boating, 100 percent of the funding for the bureau operations is shifted to the Boat Fund.

Combine Fish and Boat Funds

Administratively, splitting costs between two special funds can be an overly bureaucratic process, which adds unnecessary costs to the PFBC.

For example, in 2017, the PFBC estimated that as much as \$50,000 to \$80,000 is spent in coding to the commonwealth's accounting and purchasing system because of the need to split costs between the funds, which subsequently requires additional coding to each transaction. When viewed from this perspective, these added fees are inefficient and unnecessary.

Conversely, despite the added transactional costs, having two special funds can provide more accountability to the PFBC's stakeholder groups. In this way, the PFBC can show that fishing license sales go toward fishing-related activities, and similarly, that boat registration fees only go to support boating-related activities. From this perspective, the added fees are a necessary cost to ensure greater accountability to the PFBC's overall mission.

To the above point, with respect to outdoor-related activities, Pennsylvania has generally preferred a governance structure that favors independence and strong separation of duties. For example, Pennsylvania has long sought to keep separate agencies (and funding) for fishing and boating, and wildlife management.¹³ As such, although there is a potential cost savings through increased administrative efficiencies, these costs may be offset by the desire for more independence and accountability to specific missions.

However, indisputably, for generations fishing and boating activities are related. We attempted to document this correlation by determining how many registered boat owners also purchase fishing licenses. We were surprised to learn that the PFBC does not track this information because it resides within two different data systems and there is no single, common data element available in both that can be relied upon to tie the records together. The PFBC acknowledged that such information has been an interest item over the years, but there was an inability to determine how the information would be useful in generating more fishing license sales or more boat registrations; thus, the analysis had not been actively pursued. At best, the PFBC could estimate that there are approximately 300,000 actively registered boats and almost 300,000 active launch permit holders, and nearly 1 to 1.2 million active fishing license holders.

We see value in this type of analysis beyond just fishing license sales or boat registrations. We think this information would be a useful first step in further analyzing the pros and cons of merging the Fish Fund and the Boat Fund into one special fund that would serve the PFBC's mission. Unfortunately, this type of analysis was outside the scope of this current review. We continue to see value in a single Fish/Boat special fund and

¹³ The LBFC has studied the feasibility of a combined Fish and Boat Commission and Game Commission (in various forms). Most recently, the issue was studied in a March 2014 study, "An Update on the Feasibility of a Combined Fish and Wildlife Commission for Pennsylvania." See <http://lbfc.legis.state.pa.us/Resources/Documents/Reports/488.pdf>.

recommend the General Assembly, and specifically, the Senate and House Game/Fisheries Committees consider adopting a resolution directing the LBFC to conduct a cost/benefit analysis on this matter.

Recommendations

1. The General Assembly should direct the LBFC to further study the feasibility of merging the Fish Fund and the Boat Fund into one special fund. As part of this analysis, the LBFC should factor all relevant cost savings, not just to the PFBC, but to other state governmental agencies. Additionally, opinions of such a consolidation should be obtained from relevant boating and angling stakeholders.
2. The results of the above analysis should be reported to the House and Senate Game and Fisheries Committees for its collective consideration and possible action.

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SECTION IV PFBC HATCHERY OPERATIONS



Fast Facts...

- ❖ *The PFBC operates 13 state fish hatcheries.*
- ❖ *The hatcheries raise and release several fish species, which are divided into two main groups: cold water (trout) and warmwater/coolwater.*
- ❖ *The hatcheries need physical plant improvements. Working with DGS, the PFBC estimates there are 252 projects, which would cost approximately \$78.9 million. Funding for these would come from the Fish Fund reserve balances and capital budget authorizations.*

Overview

One of the more significant aspects of the PFBC's mission is the propagation of fish for angling opportunities, as well as restoring fish populations in Pennsylvania waterways. The PFBC meets this mission through the Bureau of Hatcheries (BOH) and its 13 state fish hatcheries. An additional research facility is located on the Juniata River but works solely on restoring American Shad populations. Hatchery operations are funded entirely through the state Fish Fund.

The PFBC classifies its hatcheries as being either coldwater-related or warmwater/coolwater-related. Coldwater hatcheries focus primarily on trout stocking and warmwater/coolwater hatcheries produce a variety of species, most of which are destined for larger bodies of water, including Lake Erie and supplement the natural reproduction of these species.

Arguably, trout propagation and stocking are the most significant responsibilities for the BOH. The PFBC releases trout as adults, but also as younger and smaller fish. On average, approximately 3.2 million adult trout are released into Pennsylvania waterways each year, although this target was missed in FY 2019-20 because of unseasonable warm weather, which impacted fish production in the hatcheries. From a weight perspective, which is an important aspect when gauging the size of fish released, approximately 1.9 to 2.0 million pounds of trout are released each year. Adult trout are stocked at 11 inches in size, which is larger than the trout released by the PFBC a decade ago. The PFBC's capacity for trout propagation, as well as any fish species, is limited by how much effluent (fish waste) is released by the hatchery. These limits are tightly controlled by federal regulation and other agreements, and at 3.2 million adult trout fish, the BOH is at capacity for effluent discharge.

From a physical plant perspective, several of the state hatcheries are very old and in need of significant improvements, some of which have been deferred for several years. These improvements are necessary to ensure that the PFBC can remain current with effluent discharge requirements. Working with the Department of General Services (DGS), the PFBC has developed an infrastructure improvement plan for these facilities. These improvements are included in the proposed FY 2021-22 capital budget act and are estimated to cost \$78.9 million, which would be paid from reserves held in the Fish Fund and capital budget authorizations. We reviewed the improvements planned at the facilities and found that of the

242 total projects planned, 152 are associated with production-related improvements.

These improvements are also important from an economic development standpoint. Research has shown that recreational fishing aids state and local economies. In fact, recent research funded by the US Fish and Wildlife Service found that as much as \$895.7 million in economic multiplier effects can be attributed to sportfishing in Pennsylvania. Further, hatchery improvements will lead to increased construction jobs in many of the rural areas of the state where the hatcheries are located. For these reasons, we believe the proposed hatchery improvements are a wise investment of resources from the Fish Fund and will further support the agency's mission for future generations.

Issue Areas

A. Hatchery Operations and Three-Year Production Information

Historically, nearly 70 percent of the anglers that purchased a PFBC fishing license also purchased one or more of the PFBC's specialty permits for trout or Lake Erie-specific fishing opportunities. As such, the propagation of trout and other fish species, which support these angling opportunities, is a significant program responsibility for the PFBC. Further, ensuring that only quality and healthy fish are released into the commonwealth's waterways is an essential part of aquatic management. These principles are imbedded within the PFBC's most recent strategic plan for 2020-2023, which states that "[the PFBC will] continue to rear and stock fish to re-establish populations in lakes and provide angling opportunities per fisheries management plans."¹⁴

The PFBC meets this responsibility through the BOH and its network of 13 state hatcheries. In this Issue Area we discuss the details of the PFBC's hatchery operations, including the key production and release information over the three-year review period.

Operational Review

The Fish and Boat Code charges the PFBC with determining policy pertaining to the propagation and distribution or planting of fish produced at the commonwealth fish hatcheries or otherwise acquired.¹⁵

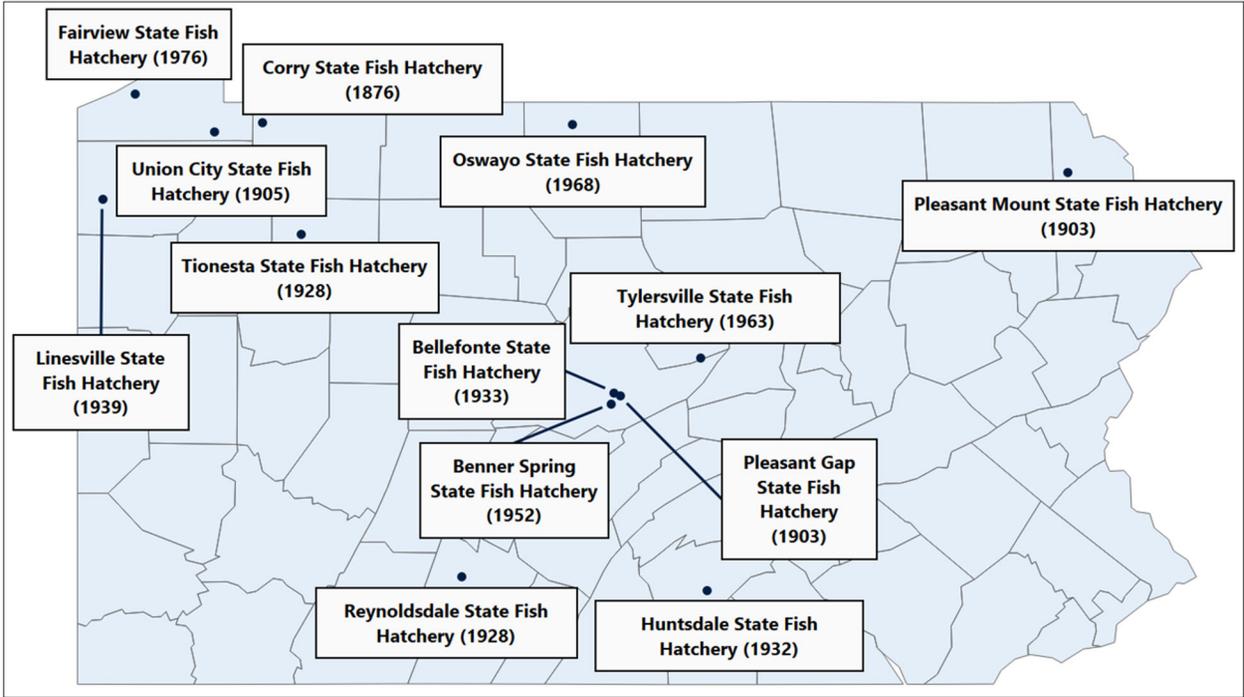
¹⁴ PFBC, *Strategic Plan 2020-2023*, Strategic Priorities and Agency Goals #3, Page 6.

¹⁵ See 30 Pa.C.S. §2301(a).

To that end, 13 state fish hatcheries (SFH) located in eight counties, are organized into northern and southern divisions, with seven hatcheries in the northern division and six in the southern division. Exhibit 12 provides additional detail on the location of these facilities in the commonwealth and the year the facility was constructed.

Exhibit 12

PFBC Hatcheries and Year of Construction



Source: Developed by LBFC staff from information provided by PFBC.

As shown above, many of the hatcheries are older facilities. In fact, the Pleasant Gap, Pleasant Mount, Union City, and Corry hatcheries are each over 115 years old, yet still produce fish to be released for recreational opportunities in Pennsylvania’s waterways. A key aspect of the facilities is that each relies upon natural springs, and/or freshwater wells to support the production of fish. Exhibit 13, provides additional descriptive information about each facility, including staffing information, and the types of species typically raised at each facility. This descriptive information is also useful for the discussion that follows in Issue Area B, regarding necessary capital upgrades to the facilities.

Exhibit 13

Descriptive Information on PFBC Hatcheries

Hatchery ^{*/}	Facility Description	Number of Employees ^{**/} (Full Time/Seasonal)	Primary Species Propagated
Bellefonte	Exterior concrete raceways, display pools, two hatchery buildings that contain concrete and fiberglass interior raceways and Heath vertical tray and jar egg incubators. Water supply to the facility is from a spring and two production wells.	11/1	Trout
Benner Spring	Exterior concrete raceways, production ponds, a warming pond, and a hatchery building that contains concrete and fiberglass interior raceways, Heath tray, jar, and Buchner jar incubators. Water supply to the facility is from Benner Spring, two production wells, and nearby Spring Creek.	10/3	Trout
Corry	Earthen ponds, exterior linear concrete raceways, a hatchery building that contains concrete interior raceways and egg incubator jars. Water is supplied to the facility from springs, production wells, and pumped recirculation.	8/1	Trout
Huntsdale	Concrete raceways are used for trout production using intensive culture technology. Pond rearing (extensive culture) and indoor intensive culture of warmwater/coolwater fish also occurs on site. Water supply to the facility is obtained primarily from multiple springs for coldwater (trout) culture and from a creek for warmwater/coolwater culture.	10/3	Trout
Oswayo	Concrete raceways, an earthen pond, and a hatchery building that contains indoor early rearing and egg incubator units. Water is supplied to the facility by two springs that originate from a "non-limestone" aquifer.	6/2	Trout
Pleasant Gap	Exterior concrete raceways, a hatchery building that contains concrete and fiberglass interior raceways, and heath egg incubators. Water supply to the facility is from a wide array of sources: springs, creek, production wells, and a quarry surface water excavation reservoir.	7/3	Trout
Reynoldsdale	Earthen ponds, concrete and earthen raceways, and a hatchery building that contains concrete and fiberglass tanks and vertical flow incubator trays. Water supply to the facility is from a spring.	7/2	Trout

Exhibit 13 Continued

Tylersville	Buildings include a hatch house/administrative office complex, maintenance garage/employee quarters building, and a pole building for vehicle storage. Over 5,000 feet of linear concrete raceways are maintained. The water supply is a spring pool with eight spring sources and infiltration of subsurface flow that originates from Big Fishing Creek. This facility was initially operated by the U.S. Department of Interior, Fish, and Wildlife.	8/2	Trout
Tionesta	Earthen ponds, exterior curvilinear concrete raceways, a hatchery building that contains concrete and fiberglass interior raceways, circular tanks, and egg incubator jars. Water is supplied to the facility from a combination of source that include a stream, production wells, and pumped recirculation water.	6/2	Bass, Walleye, Pike, Steelhead Trout
Pleasant Mount	Earthen ponds, exterior concrete linear raceways, and hatchery buildings that contain interior concrete raceways, fiberglass tanks, and egg incubation units (trays and jars). Water comes from the West Branch of the Lackawaxen River, Belmont Lake, three production wells, a spring, and pumped recirculation.	7/2	Bass, Muskellunge, Walleye, Catfish, Crappie, Lake Trout
Linesville	Earthen ponds, exterior concrete raceways, a hatchery building that contains interior stainless steel and concrete raceways, and jar and vertical flow through tray egg incubators. Water is supplied from Pymatuning Reservoir and production wells.	8/2	Walleye, Catfish, Bluegill, Crappie Muskellunge, Trout, Forage Fish
Fairview	Exterior concrete raceways and several support buildings. Water is supplied to the facility from springs, a stream, and by pumped recirculation during peak biomass and low flow conditions	4/0	Steelhead Trout
Union City	Earthen ponds and a hatchery building that contains fiberglass early rearing tanks and egg incubation jars. Water is supplied to the facility from a mixture of reservoir, stream, and well water.	2/2	Tiger Muskellunge, Mussels

Note:

*/Does not include the Van Dyke Research Station, which propagates American Shad fry on a seasonal basis.

**/Includes filled and vacant positions. Seasonal positions are wage.

Source: Developed by LBFC staff from information provided by PFBC.

Fish Production and Stocking

As shown in the previous Exhibit 13, the PFBC propagates several varieties of fish. These fish are distinguished by different regulation classification, but also by coldwater (species that prefer water temperatures between 50-65 degrees), and warmwater/coolwater (species that prefer water temperature between 60-85 degrees). While all BOH staff participate in fish propagation and release, most of BOH's activity centers on trout propagation and release. The distinction between these two classifications is outlined below:

- **Coldwater (Trout).** PFBC staff raise trout to adult size (average size 11 inches) on multi-year production schedules. The various species of trout raised include the following: brook trout, brown trout, rainbow trout, and golden rainbow trout. Fingerling trout (i.e., trout less than the minimum catch length of 7 inches) are also raised in several state hatcheries. These fish are stocked to provide angling opportunities on waters that may have trout fishery potential. In addition, a portion of these fingerlings are also distributed to various local sportsman's organizations that participate in the Cooperative Nursery Program (COOP) to raise to adult size and eventually to be stocked in waters open to angling. As we reported in our 2019 report, the COOP program is an important public outreach and education mechanism for the PFBC.
- **Warmwater/coolwater Species.** These species include bass, striped bass, walleye, muskellunge, and a variety of other fish accustomed to water of moderate to higher temperatures. The PFBC reports that, for the most part, these species are raised on an annual cycle and stocked before they reach adult size. Fish are stocked in waters where the natural production of young is impaired, or in waters which have adequate spawning conditions available to ideally support future populations as identified by PFBC fishery habitat personnel.

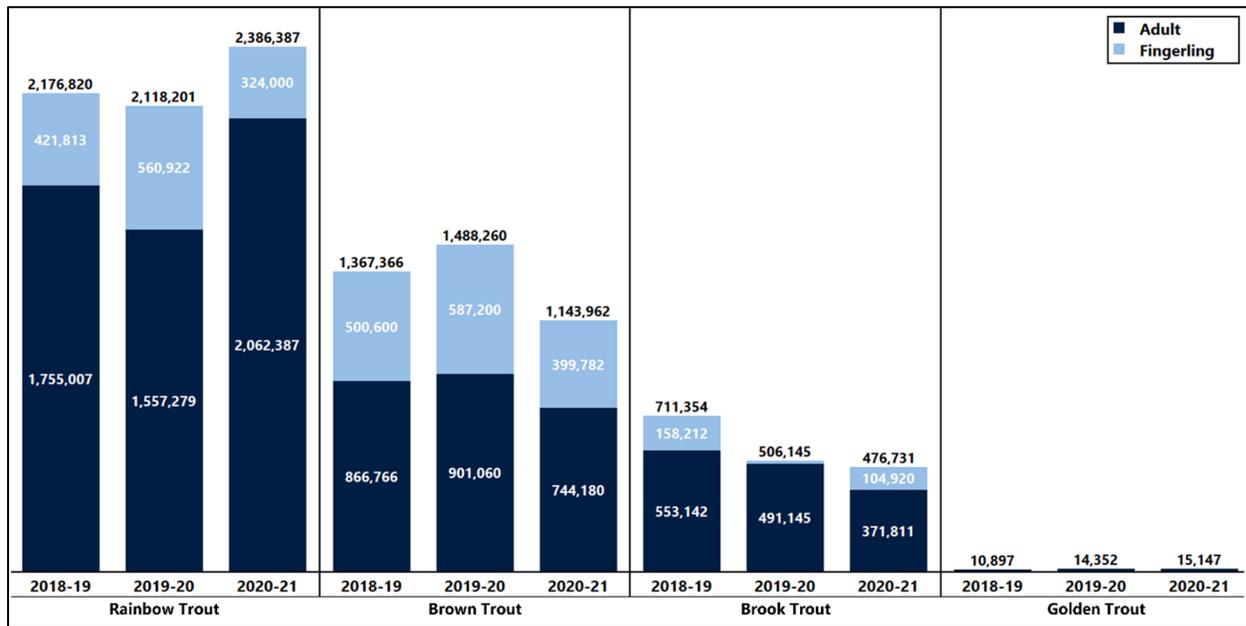
According to BOH staff, raising warmwater/coolwater fish is substantially less expensive than raising trout, because trout are raised to larger sizes before being stocked. In terms of pounds of fish, the PFBC propagates and releases about 1.9 to 2.0 million pounds of adult trout per year. Trout are perhaps one of the most popular species pursued in the commonwealth and require purchasing a separate trout/permit stamp to fish.¹⁶

¹⁶ The term "stamp" and "permit" are used interchangeably in this report. Per the PFBC, collector quality stamps were printed from 1991 through 2006. Starting in 2007, the Commission switched to an electronic Point-of-Sale licensing system (POS). POS licenses indicate if a permit was purchased, this eliminated the need for printed stamps.

We reviewed the production figures over the past three years. Because trout are a significant interest item, we separated those production figures from the warmwater/coolwater species.¹⁷ As shown in Exhibit 14 over the past three years, the PFBC has raised and stocked more than 4 million trout per year, of which about 3.2 million adult trout are stocked each year. These figures do not include trout that were raised and given to cooperative nurseries. Over the three-year period, 3.4 million fingerling-sized trout were provided to these nurseries for further raising and stocking.

Exhibit 14

12.4 million Trout Released Over Three Years



	2018-19	2019-20	2020-21	Total
Fingerling	1,080,625	1,163,122	828,702	3,072,449
Adult	3,185,812	2,963,836	3,193,525	9,343,173
Total Trout^{*/}	4,266,437	4,126,958	4,022,227	12,415,622

Note:

^{*/} Does not include trout raised under the PFBC's cooperative nursery program.

Source: Developed by LBFC staff from information provided by PFBC.

¹⁷ The PFBC noted that some species of trout are raised within the warmwater/coolwater classification system, but those fish are destined for Lake Erie.

As shown above, over the period reviewed, trout production was down by 5.7 percent for all trout. However, this figure was overwhelmingly influenced by a reduction in fingerling trout, of which there was 23.3 percent decrease over the three years. For adult trout, there was a 0.2 percent increase in production. Trout production was most heavily influenced in FY 2019-20, when 2.96 million trout were raised. This figure was restored in the subsequent year to 3.19 million. The PFBC stated that trout production was influenced by weather patterns in that year. Rainbow trout are sensitive to hot weather, and 2020 was a particularly hot year.

We also reviewed total trout production capacity with the PFBC. We were informed that the PFBC could potentially raise and release more fish; however, the PFBC is strictly limited in how much effluent (fish waste) it can discharge back into Pennsylvania's waterways. These discharges are controlled through National Pollution Discharge Elimination System (NPDES) permits and subsequent agreements with other federal and state regulatory agencies, including the Department of Environmental Protection. As such, with approximately 3.2 million adult trout being raised equating to approximately 2.0 million pounds of fish, the PFBC is already at full trout rearing capacity within these regulatory constraints.

Looking at the warmwater/coolwater species data, we found other data trends. As shown in Exhibit 15 on the next page, over the three years we reviewed, the PFBC released 93.8 million fish of varying species and sizes. According to the PFBC, the following categories are used to describe the life stage of the fish:

- **Fry.** Typically, between 3 and 5 days old, these fish are distributed to public fishing waters at a time soon after hatching while the yolk sac is being absorbed.
- **Fingerling.** Depending upon the species, these fish are three or more months in age. To attain this size fish culturists stock fry into fertilized culture ponds or indoor culture tanks and then harvest ponds and distribute them to public fishing waters when they attain requisite size.
- **Yearling.** Typically, these fish represent fingerling fish that have overwintered in a hatchery pond or tank. Typically, fish are overwintered to add size/weight to enhance post-stocking survival. Yearlings are distributed to public fishing waters in the spring.
- **Adult.** Most commonly, these fish are more than one year of age. These fish are often feral or wild fish that have been transferred from one location or broodwater to a public fishing location. Fish culture personnel typically do not rear warmwater/coolwater fish to adult size.

These life stage distinctions are important as it provides additional context about the size of fish being raised and released. As with trout, getting fish to the adult stage costs more for the PFBC; however, survivability is also more likely once released into public waters.

Exhibit 15

PFBC Warmwater/Coolwater Three-Year Production

Species	Size	2018-19	2019-20	2020-21	Total
American Shad	Fry	832,000	-	65,977	897,977
Black Crappie	Fingerling	13,547	20,000	15,344	48,891
Bluegill	Fingerling	34,800	18,400	67,400	120,600
Bluntnose Minnow	Adult	1,000	700	-	1,700
Brown Trout – Erie	Yearling	40,373	42,444	30,173	112,990
	Adult	684	-	632	1,316
Channel Catfish*	Fingerling	71,995	75,660	79,590	227,245
	Yearling	15,534	14,405	10,493	40,432
Channel Pickerel	Fingerling	1,637	-	-	1,637
Fathead Minnow	Adult	-	39,000	13,400	52,400
Golden Shiner	Fingerling	-	48,500	162,400	210,900
	Adult	-	250	-	250
Lake Trout	Fingerling	3,000	3,000	37,728	43,728
	Yearling	78,284	46,512	61,080	185,876
Largemouth Bass	Adult	12	8	-	20
	Fingerling	5,942	49,466	18,190	73,598
Muskellunge	Fingerling	101,356	49,100	9,650	160,106
	Yearling	35,166	34,692	40,631	110,489
Northern Pike	Fingerling	2,770	3,689	4,227	10,686
Steelhead*	Yearling	1,002,012	949,000	1,015,986	2,966,998
Spottail Shiner	Adult	445	-	250	695
Striped Bass	Fingerling	303,653	46,562	377,603	727,818
Hybrid Striped Bass	Fingerling	190,652	28,482	1,986	221,120
Tiger Muskellunge	Fingerling	850	10,900	7,175	18,925
	Yearling	3,709	9,250	12,218	25,177
Walleye	Fry	48,586,110	20,862,000	12,875,000	82,323,110
	Fingerling	1,351,748	1,663,152	2,081,360	5,096,260
White Crappie	Fingerling	82	50	23	155
	Adult	50	-	-	50
Yellow Perch	Fingerling	28,323	8,000	35,100	71,423
Total		52,705,734	24,023,222	17,023,616	93,752,572

Note:

*/ Does not include fish raised under the PFBC's cooperative nursery program.

Source: Developed by LBFC staff from information provided by PFBC.

As shown above, there were cyclical trends in warmwater/coolwater production. Of particular interest is the American Shad, which is a saltwater fish that spawns in freshwater. The PFBC raises American Shad at its Van Dyke Research Station in Juanita County. At that facility, the PFBC receives shad eggs that are collected by staff from the US Fish and Wildlife Service from fish populations in the Potomac River. PFBC staff also collect eggs from the Delaware river and from the fish lift at Conowingo Dam on the Susquehanna River. The work at the station is seasonal; thus, Van Dyke is not considered to be a full-time hatchery operation. Shad populations and their migratory patterns have been impacted by dams and other impediments on the Susquehanna and Juanita rivers, which were key breeding grounds for shad. To help improve shad populations, the PFBC raises fry for release into these waterways. However, in FY 2019-20, there was no shad egg collection because of the COVID-19 pandemic, and as a result no fry were raised. Egg collection minimally increased in FY 2020-21 but was still down significantly from pre-pandemic figures.

Although listed as a warmwater/coolwater fish, there are certain species of trout that are also propagated. These include steelhead trout, lake trout, and brown trout that are destined for Lake Erie, and which further an important part of the angling opportunities found on the lake. These angling opportunities in turn support many local businesses and further the economy of the region. Steelhead trout in particular are a popular gamefish, and the PFBC releases about 1 million "yearling" steelheads per year.

With respect to variation in the warmwater/coolwater production figures, PFBC staff noted that the variability is due to the weather as well as stocking requests for certain species. For example, hybrid striped bass fingerlings have decreased because of access to fry and fingerling sources. In turn, striped bass fingerlings have increased. Similarly, muskellunge production has shifted from releasing fry to yearlings. Muskellunge are large game fish; consequently, raising them over the year results in a larger fish, which requires more resources from the hatcheries.

B. Hatchery Improvements

As noted previously, many of the hatcheries are older facilities which have not seen significant operational and physical plant improvements in decades. This is a significant issue because the hatcheries must meet stricter environmental standards for pollution discharge. Further, if the hatcheries are not improved, the PFBC stands to lose the forward movement made in attracting new engagement with anglers. This latter aspect is especially important because as we noted in Section III, one of the

unintended consequences of the pandemic has been a return of the public to fishing and boating opportunities, which has resulted in increased revenue to the Fish and Boat Funds.

Hatchery capital improvements are included in the proposed FY 2021-22 capital budget act.

As part of its ongoing strategic planning initiatives and to improve operations at the hatcheries, the PFBC, in consultation with the Department of General Services, has identified approximately \$93 million in needed upgrades. Some of these upgrades have already been planned and/or funded through previous capital improvement initiatives.

Most recently, Senate Bill 915 of 2021, which is the proposed capital budget act for FY 2021-22, includes approximately \$113 million for these hatchery upgrades as well as lake, dam, and other public improvement projects acquired or developed by the PFBC.¹⁸ Exhibit 16 further lists the estimated project costs between the PFBC/DGS estimates and those that would be authorized through the current proposed capital budget.

Exhibit 16

**PFBC Has Identified Over \$93 million
in Necessary Hatchery Improvements
(\$000)**

Hatchery	PFBC/DGS Project Estimate	FY 2021-22 Proposed Capital Budget
Bellefonte	\$8,376	\$8,385
Benner Spring	9,125	9,125
Corry	9,121	9,125
Fairview	4,465	4,465
Huntsdale*	10,058	-
Linesville	14,360	14,365
Oswayo	8,481	8,485
Pleasant Gap	5,229	5,235
Pleasant Mount	7,029	7,035
Reynoldsdale*	5,058	-
Tionesta	5,184	5,185
Tylersville	3,147	3,155
Union City	4,357	4,365
Total	\$93,990	\$78,925

Note:

*/The Huntsdale and Reynoldsdale hatcheries do not receive authorized funding amounts in the current capital budget act due to surpluses in authorized funding in previous years' legislation.

Source: Developed by LBFC staff from information provided by PFBC and SB915 of 2021.

¹⁸ In addition, the PFBC has also identified infrastructure improvements at dams, access points, and other PFBC maintained facilities.

It is important to note that the projects identified at the Huntsdale and Reynoldsdale hatcheries are not listed in the current capital budget act because those projects were authorized in prior year authorizations. As such, the current authorization for the new projects through the capital budget bill is \$78.9 million. It is also important to note that the amounts listed are project estimates and actual costs may be lower or higher. These projects will be funded from the Fish Fund and the commonwealth's capital funds.

As part of our review of the hatchery operations, we also reviewed the planned projects at each hatchery. We listed each of the projects as falling into one of three categories:

- (1) **Production** – projects which are related to the production and/or improvement of raising fish for distribution into Pennsylvania waterways. Examples include repairing raceways and installing or replacing production-related equipment.
- (2) **Building Maintenance** – projects related to physical plant improvements to buildings housed on the grounds of the hatchery. Examples include mechanical upgrades to buildings and outbuildings.
- (3) **Grounds Improvement** – projects which are designed to improve the grounds of the hatchery. Examples include roadway improvement, signage, drainage, etc.

Exhibit 17 lists the number of projects by sub-category. As shown, in total there are more than 242 projects planned. Most of the planned projects (152) fall within the category of production. The largest number of upgrades are planned at the Linesville hatchery. The fewest are planned at the Tylersville hatchery, which coincides with the fact that previously authorized projects were already in place.

Exhibit 17

**242 Improvement Projects Identified
 at the PFBC Hatcheries**

Hatchery	Production Upgrades	Building Maintenance	Grounds Improvements	Total Planned Projects
Bellefonte	9	6	2	17
Benner Spring	7	3	4	14
Corry	11	5	3	19
Fairview	12	4	1	17
Huntsdale	11	4	4	19
Linesville	23	5	2	30
Oswayo	12	4	1	17
Pleasant Gap	7	6	3	16
Pleasant Mount	12	3	2	17
Reynoldsdale	4	7	4	15
Tionesta	25	1	2	28
Tylersville	4	2	1	7
Union City	15	7	4	26
Total	152	57	33	242

Source: Developed by LBFC staff from information provided by PFBC.

Economic Impact of Hatcheries and Fishing

Beyond the understandable need to upgrade the hatcheries to meet environmental standards, there is a secondary factor supporting increased capital investments for the hatcheries. That secondary factor pertains to the economic impacts that the hatcheries have in supporting local economies, as well as the impacts from supporting recreational angling, which in turn serves as an economic driver for the commonwealth.

For example, investments made in the hatcheries support many local construction jobs. This aspect is especially important as the hatcheries are in rural areas of the state; thus, hatchery improvements, many of which are “shovel ready” provide quick economic inducement to local contractors, suppliers, and workers.

In addition to these rural economic incentives, hatchery improvements further sustain recreational sport fishing (angling), which is an important contributor to the state’s economy. According to recent research completed for the U.S. Fish and Wildlife Service, in 2018, freshwater sport fishing contributed \$520.2 million in retail sales, which had an added

multiplier effect of \$895.7 million to the state's economy.¹⁹ Multiplier effects are derived from the impact that retail sales have on other related segments of the economy.

It is interesting to note that the calculations cited above were based on pre-pandemic calculations. As such, given the historic increases that the PFBC witnessed in license sales, it is reasonable to assume that these calculations are much higher in a post-pandemic analysis. Exhibit 18 highlights additional factors that contribute to the state's economy from freshwater sport fishing.

Exhibit 18

PA Freshwater Sport Fishing Economic Factors



Source: Developed by LBFC staff from *Sportfishing in America: A Reliable Economic Force*, Southwick Associates, 2020.

Based on these economic inputs alone, we believe it is a wise investment for the commonwealth to proceed with improving hatchery operations through the projects outlined in the current capital budget bill. Further, given that the projects are funded through the Fish Fund, which are monies that have already been paid by anglers, it makes further sense that current and future anglers benefit from these capital improvements.

¹⁹ See "Sportfishing in America: A Reliable Economic Force," Produced for the American Sport Fishing Association by Southwick Associates via Multistate Grant #F20AP00183 awarded by the Wildlife and Sport Fish Restoration Programs of the U.S. Fish and Wildlife Service, 2020.

Recommendations

1. To ensure that the PFBC's hatcheries continue to support the agency's mission, we recommend the General Assembly consider passing the proposed projects listed for the PFBC within the capital budget act for FY 2021-22.
2. The Governor's Office and the Department of General Services should expedite the completion of the projects for the hatcheries, as well as other projects related to dams, lakes, and other access points.

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SECTION V COVID-19 IMPACT TO PFBC OPERATIONS



Fast Facts...

- ❖ *The COVID-19 pandemic presented unforeseen consequences for the PFBC, including increased revenues to the agency through increased license and registration sales.*
- ❖ *The PFBC has been able to effectively integrate several operational changes, including telework; approximately 38 percent of the staff are using telework.*
- ❖ *Vaccination incentives offered through the Office of Administration were unsuccessful and will cost the PFBC between \$215,000 and \$327,000.*

Overview

While the pandemic has impacted many state agencies, as we discussed in Section III, there were unforeseen favorable consequences from the pandemic to the PFBC. The primary of these consequences being a renewed interest in fishing and boating activities, which subsequently resulted in increased revenue to the agency through associated increases in license and boat registration sales. This increased revenue will further bolster the agency as it advances its mission.

However, beyond these financial implications, COVID-19 has also impacted the agency in other ways. As part of our triennial review, we thought it useful to provide further context about agency operations resulting from the pandemic. Specifically, in this section of the report, we address the COVID-19 impact to the PFBC from two perspectives. The first discusses the impacts from a service delivery view, which are those impacts such as stocking fish, opening day changes, and other public outreach efforts. The second perspective we reviewed is the organizational impacts, and more specifically, the quantitative staffing impacts upon the agency from the pandemic.

We found that as the COVID-19 pandemic struck, the PFBC quickly pivoted to further its mission. For example, the PFBC moved employees who could not telework by nature of their job responsibilities into support positions of aiding trout stocking efforts. Further, the PFBC moved the opening day of trout season to a previously unannounced and unexpected date in the middle of the week, statewide. This action effectively spread-out participants for opening day and helped to ensure that in high-risk areas of the state the opening day was not compromised by the pandemic. The single opening day of trout season proved to be popular with anglers, and the PFBC has since announced it will keep a statewide opening for trout season. Other service delivery changes included changing certain display requirements for registrations and licenses, and changing how outreach efforts, such as the PFBC's popular Trout in the Classroom program are delivered.

In terms of organizational impacts, we reviewed two significant impacts to the PFBC. The first was a shift to telework. Like many agencies and large corporations, a paradigm shift occurred with more employees working from home in telework scenarios. The PFBC has completed an extensive review of its workforce and approximately 74 job classifications are currently teleworking, which equates to 38 percent of the staff. We

reviewed the PFBC's telework agreement it has with employees and found it to be a well-constructed document that protects both employee and management interests.

The second organizational area we reviewed pertained to vaccination incentives, which were announced by the Governor in late 2021. Although the PFBC is an independent agency, the PFBC followed these policy initiatives, and offered employees first one day of administrative leave, and then a subsequent five days of a new type of leave, called verification leave. This latter type of leave was intended to further vaccination rates, but at the PFBC it was unsuccessful as the number of employees who participated decreased. As a result, we found the initiative to be unsuccessful, and will cost the PFBC between \$215,000 and \$327,000, depending on how the cost is calculated.

Issue Areas

A. Service Delivery Impacts from COVID-19

In early March 2020, as the COVID-19 pandemic began its initial wave across the commonwealth, the PFBC was also involved in several of its high-volume activities, such as trout stocking and the upcoming first day of trout season. In response to the developing situation with COVID-19, the PFBC took several actions as briefly discussed below.

Trout Stocking

Typically, trout stocking involves the assistance of dozens of volunteers who carry fish from the stocking truck to the designated stocking points along the waterway. However, as the pandemic unfolded, having volunteers tightly congregated around these vehicles was a potentially unwise action. As such, the PFBC instituted an accelerated stocking schedule using only PFBC staff and no volunteers. Further, in a sensible use of employee time, staff whose assigned job duties did not allow for telework were reassigned to stocking operations.²⁰ In this way, the PFBC was still able to meet its stocking goals. All staff were required to wear appropriate personal protective equipment (PPE) to ensure the safety of themselves and others. Further, employees were limited to one person per vehicle.

²⁰ Under direction from the Governor's Office of Administration, all staff who could telework were encouraged to do so.

In the early days of the pandemic, the PFBC removed pre-season and in-season stocking information from the PFBC's web site. This action was taken to prevent crowds from gathering at stocking locations. For later fall and winter stockings, the PFBC posted a schedule on the website to advise anglers of the week that a waterway would be stocked with trout but did not provide the exact date.

Opening Day for Trout Season

Related to the changes the PFBC made in stocking trout, was the change to the opening day for trout season in 2020. Additionally, in consultation with the Governor's Office and the Department of Health, to further discourage high volumes of angler travel from several high-risk parts of the commonwealth early in the pandemic, the PFBC canceled the regional opening day of trout season for 18 southeastern counties, as well as two scheduled "Mentored Youth Trout Fishing Days."

Most significantly, on Tuesday, April 7, 2020, the PFBC announced the official start of trout season, statewide. This unexpected announcement, in the middle of the work week, effectively spread-out large crowds that frequent popular waterways on the traditional opening days in certain regions of the state.

Interestingly, this statewide start was popular among anglers, many of whom favored this type of opening day, instead of regional opening days. As a result, beginning in 2022, Pennsylvania returned to a single, statewide opening day of Trout Season, which is now set as the first Saturday in April. In 2022, this date was April 2. A single, statewide Mentored Youth Trout Day also took place on Saturday, March 26.

Under this change, which will result in a longer regular season for trout statewide, the practice of holding a separate regional opening day and mentored youth day for Pennsylvania's 18 southeastern counties will no longer occur.

License, Permit, and Boat Registration Display Changes

Yet another change resulting from the pandemic involved how anglers and boaters were able to meet the display requirements for various licenses, boat registrations and launch permits. Before the pandemic, anglers and boaters were required to display these items on their person or watercraft, as applicable. However, as the pandemic continued in 2020, to reduce unnecessary travel and social contact amid health concerns, the PFBC allowed anglers and boaters to show their compliance with

these requirements by keeping digital records on their mobile phones or other capable electronic devices.

The PFBC reported that this change allowed customers, who were unable to physically visit an issuing agent location to purchase fishing licenses, launch permits, and renew boating registrations by using the “Fish-BoatPA” app or by computer through the shared hunting/fishing licensing portal.²¹ Once attained electronically, boaters and anglers did not have to possess a printed copy of the document. If approached by a Waterways Conservation Officer (WCO) in the field, the angler or boater simply had to produce the digital image of the license, permit, or registration on their phone or mobile device. This commonsense approach to license/permit/registration display requirements will likely become more common in the coming years and potentially represents a cost saving to the PFBC.

Education Programs and School Outreach

A key component of the PFBC’s mission is education, which supports its efforts known as “R3” or recruitment, retention, and reactivation of anglers and boaters.²² Historically, the PFBC worked to meet this effort through schools and other youth outreach efforts. However, as the pandemic unfolded, in accordance with safety guidelines from the Centers for Disease Control and Prevention (CDC) and the Department of Health to limit gatherings of people, the PFBC canceled most in-person educational programs for the 2020 season.

As an alternative, and perhaps an improvement to its traditional outreach, staff developed an “Activities & Education Portal” on its web site that included a wide selection of resource materials for teachers and parents.²³ The portal expanded after the pandemic with the addition of more than 130 new educational videos and over 50 printable activity sheets, 60 coloring pages, and numerous publications by interest topic (e.g., Pennsylvania fishes, amphibians and reptiles, aquatic macroinvertebrates, etc.). In addition, “hybrid” educational programs were developed to give a virtual component to some previous in-person events. The PFBC reported that staff are now able to reach a larger statewide audience in the virtual format, and then schedule smaller, regional programs for fishing opportunities.

²¹ See <https://huntfish.pa.gov/> which began on January 27, 2021 and replaced the previous Pennsylvania Automatic Licensing Systems (PALS), which was known as The Outdoor Shop.

²² R3 is a guiding principle defined in the PFBC’s strategic plan for the period July 1, 2020, through June 30, 2023.

²³ See <https://www.fishandboat.com/LearningCenter/ActivitiesAndEducationPortal/Pages/default.aspx>.

Trout in the Classroom. Trout in the Classroom (TIC) is a conservation-oriented, interdisciplinary, environmental education program for students in grades 3-12. The program is done in partnership with the PA Council of Trout Unlimited and is designed to incorporate environmental education into school curriculums. TIC is implemented during the school year, September through May, and allows students to raise trout from eggs, which are then later released into local waterways. Throughout the year, students are introduced to watershed conservation efforts, ecosystems, habitats, natural resources, and management strategies to protect and enhance coldwater resources.

In response to challenges COVID-19 presented to TIC teachers, the PFBC staff developed "TIC Weekly," which was a remote learning resource e-mail sent to registered TIC teachers and program partners. It included themed, printable publications, virtual field trip/educational videos, and updated videos. Printable TIC resources were retained on the PFBC's Activities and Education Portal. Despite the pandemic, 393 (95%) of 412 registered TIC teachers completed end of year reports for school year 2019-2020. In June 2020, the PFBC and the Pennsylvania Council of Trout Unlimited staff provided a virtual TIC workshop for 36 new teachers and program partners. Despite challenges from the pandemic, the program has continued and will remain a key outreach partnership for the PFBC going forward.

B. Organization Specific Impacts from COVID-19

We also looked at COVID-19 impacts to the agency in terms of organization impacts, or items that pertain to the day-to-day operations of the agency. Two specific impacts we reviewed included the PFBC's move to formalizing remote working protocols and the Governor's vaccination incentive.

Telework (remote work location)

As the pandemic unfolded, under the direction of the Governor and several issued emergency declarations, PFBC employees, like other state employees, were encouraged to work remotely, where possible. Although there are numerous terms used to describe remote work (e.g., work from home, remote work, etc.), within commonwealth terminology, "telework"

is the official term used when an employee works from an alternate worksite.²⁴

As an agency that is independent yet follows the Governor's direction for personnel-related matters, the PFBC follows management directives (MD) issued by the Governor's Office of Administration (OA). With respect to COVID-19 and telework requirements, two specific management directives apply to the PFBC. These directives include:

- 505.33 Amended (August 2007) – *Working from Home During Emergencies Including a Pandemic Influenza Event*
- 505.36 (April 2021) - *Telework*

MD 505.33 was instituted prior to the pandemic and establishes a general policy that "will enable commonwealth agencies to include in their emergency operations plans the ability for certain employees to work from home during a period of emergency, in order to allow the agencies to continue to provide essential and critical services to the citizens of Pennsylvania."²⁵ This policy lays out the general guidance for how agencies are to ensure continuity of operations when a primary work location is inaccessible for an extended period of time, but not a permanent telework environment.

More recently, MD 505.36 was signed on April 7, 2021, and outlines telework for non-represented employees during those non-emergency periods.²⁶ In other words, the directive governs telework as an aspect of normal business operations. Under this guidance telework is defined as:

An approved work flexibility arrangement, formalized in a Telework Agreement, under which an employee performs the duties and responsibilities, and other authorized activities, of such employee's position on a Full-Time, Part-Time, or Ad Hoc basis from an Alternate Worksite other than the employee's Headquarters.

As stated recently by the Budget Secretary, the commonwealth recognizes telework as an effective tool for retaining, recruiting, and enhancing

²⁴ An alternate worksite is any location outside of the employee's "commonwealth worksite," which is the employee's assigned commonwealth-owned or leased office space. Among other requirements, an alternate work site may not be a public space, must have a secure high-speed internet connection, and must be within a reasonable distance to the employee's commonwealth worksite.

²⁵ Governor's Office of Administration, MD 505.33, pg. 1.

²⁶ Although MD 505.36 is specific to non-represented (i.e., non-union) employees, the directive states that telework may be considered for union-represented employees who are covered by a collective bargaining agreement/memorandum of understanding, as approved by the OA, Deputy Secretary for Human Resources Management or designee.

employees.²⁷ The PFBC has also recognized telework as an effective tool and has implemented telework where feasible.

PFBC Employee Participation in Telework.

As outlined by the commonwealth’s telework policy, not all employees are eligible for telework, nor is it an employee right or guaranteed employee benefit. Because certain job classifications require public contact (e.g., law enforcement) or other agency-specific requirements (e.g., license sales or trade-specific skills), telework is limited to those employees where agency management has decided an employee’s job duties can be performed under telework guidelines.

As shown in Exhibit 19, the PFBC has designated 74 job classifications as being eligible for telework., while 26 classifications are ineligible.

Exhibit 19

PFBC Eligible and Ineligible Telework Job Classifications*

Eligible Telework Job Classifications = 74

Chief, Public Access & Property Services	Purchasing Agent
Real Estate Specialist	Purchasing Agent Supervisor
Surveyor 1	Procurement Specialist 2
Human Resources Analyst 2 and 3	Boating Safety Education Manager
Human Resources Director 2	Management Technician
Accounting Assistant	Fiscal Management Specialist 1, 3, and 4
Accountant 2	Executive Secretary 2
Business Analyst 2	Director, Bureau of Law Enforcement
Administrative Officer 1, 2, and 3	Law Enforcement Programs Operations Manager
Director, Bureau of Outreach, Education & Marketing	Attorney 2
Director, Bureau Boating	Chief Counsel 1
Director, Bureau of Information Technology	Policy, Planning & Communication Director
Director, Bureau of Administration	Legislative Liaison 1
Executive Assistant	Deputy for Field Operations
Deputy for Administration	Director, Bureau of Hatcheries
Applications Developer 2 and 3	Director, Bureau of Fisheries
Senior Applications Developer	Director, Bureau of Engineering
Information Technology Technician	Fish Culture Station Manager
Information Technology Generalist 1, and 2	Fisheries Biologist 1, 2, 3, and 4
Network Administrator 1	Chemist 3
Telecommunications Specialist 2	Fisheries Technician
Network Administrator 1	Fish Production Manager

²⁷ Testimony of Secretary Thall, Commonwealth Budget Secretary, before the House Appropriations Committee, March 10, 2022.

Exhibit 19 Continued

Editor 1 and 3	Fish Culture Station Manager
Aquatic Resources Education Manager	Clerk Typist 2 and 3
Aquatic Resources Program Specialist	Clerk 3
Environmental Interpretive Technician	Administrative Assistant 1
Environmental Education Specialist	Civil Engineer Manager, General
Digital Director 1	Drafter Designer
Deputy Digital Director	Senior Civil Engineer Supervisor, General
Communications Director 1	Senior Civil Engineer, General
Electrical Engineer 2	Senior Civil Engineer, Hydraulic

Ineligible Telework Job Classifications = 26

Fish Culturist 1 and 2	Accounting Assistant (Licensing and Registration)
Fish Culture Station Foreman	Clerk 2 (Licensing and Registration)
Fisheries Biologist Aide	Clerical Supervisor 1 (Licensing and Registration)
Waterways Conservation Officer	Maintenance Repairman 2
Waterways Conservation Officer Trainee	Custodial Worker Supervisor
Assistant Regional Supervisor (Law Enforcement)	Custodial Worker 1
Special Investigator	Carpenter
Fishing Boating Facilities Maintainer	Semi-Skilled Laborer
Fishing Boating Facilities Supervisor	Equipment Operator B
Fishing Boating Facilities Manager	Mechanic Supervisor
Diesel Construction Equipment Mechanic	Construction Foreman
Medium Voltage Electrician Foreman	Stock Clerk 3
Medium Voltage Electrician	

Note: */Multiple employees may share the same job classification. Some senior level positions also telework (e.g., executive director) because of their responsibility to continuity of operations.

Source: Developed by LBFC staff from information provided by PFBC.

As shown in the exhibit above, the PFBC’s telework eligible positions are primarily managerial and/or administratively supportive of the PFBC’s mission and goals. As such, these positions logically fit and are consistent with the parameters of OA’s guidance outlined in MD 505.36. Further, those classifications which are ineligible for telework are classifications which would require the employee to be at a commonwealth-owned or leased facility or have a public-facing job responsibility.²⁸ In

²⁸ It should be noted that telework also serves as an employee performance incentive. At a minimum, employees need a performance review of at least satisfactory to participate in telework. Further, employees may not be under a corrective action plan, be on a leave restriction, or have faced a disciplinary action within the last 12 months.

total, the 74 job classifications that are telework eligible, represents 38 percent of the eligible staff. The PFBC noted that 15 individuals are eligible for telework by nature of their job classification but have not participated in the program.

Finally, we also reviewed the PFBC's employee telework agreement. This document dated July 1, 2021, outlines the specific requirements a telework eligible employee must follow for ongoing participation in telework. The agreement exists between the employee and his/her supervisor. The document is 11-pages in length and contains specific participation criteria as well as employee responsibilities for maintaining communication with management, equipment, security, and work hours. Supervisors also have requirements with respect to communications, time and attendance, and performance monitoring and assessments. The agreement also covers important labor law items such as workers compensation, safety self-certification, and the commonwealth's waiver of liability for the employee maintaining an alternate worksite. In total, we found the document to be thorough and a useful document for formalizing telework procedures for the PFBC, especially as this employee benefit becomes more common.

Vaccination Incentives

Finally, as an incentive to encourage commonwealth employees under the Governor's jurisdiction to receive a full COVID-19 inoculation the Governor offered a paid time off leave incentive.²⁹ Although, the PFBC is an independent administrative state agency, as previously noted the PFBC follows human resource (HR) policy guidance (and receives HR support) from the Governor's Office of Administration. Consequently, as a matter of administrative practice, this incentive program was offered to PFBC employees universally.

Under this initiative, a two pronged approach was used to further employee vaccination participation. First, announced on August 10, 2021, and effective October 1, 2021, employees were offered one day of "administrative" leave for completing a COVID-19 vaccination regimen.³⁰ Under this award, employees were required to complete an attestation that they completed the vaccination by October 1, 2021, but were not

²⁹ The COVID-19 leave incentive was memorialized in a side agreement letter between the Office of Administration and AFSCME Council 13 dated October 27, 2021.

³⁰ The vaccination regimen is defined as either two doses of a two-dose COVID-19 vaccine or one dose of a single dose COVID-19 vaccine.

required to submit proof of vaccination. Employees were notified that their leave records may be audited, and if audited, employees would have two weeks to show proof of vaccination. Employees who were awarded this one-day of administrative leave had to use the leave in its entirety (i.e., full day) by June 30, 2022. Further, there would be no payout of the leave if the leave was not used.

After the enactment of this (administrative leave) initiative, on November 1, 2021, the Governor offered an additional incentive for receiving a COVID-19 vaccine. This incentive took the form of “verification leave” and was awarded to all employees who completed the vaccination regimen by December 31, 2021.

Under the verification leave initiative, employees were eligible for up to five (5) additional days of paid leave, which included those who had already completed and attested to receiving the vaccination under the previous administrative leave incentive. Unlike administrative leave, however, verification leave needed to be used by March 31, 2022. Further, unused verification leave would be paid directly to employees at their base pay rate.³¹ Like administrative leave, verification leave also did not require proof of vaccination (but did require an attestation of such), and previously eligible employees for the administrative leave did not need to re-verify their eligibility.

In sum, under terms of the Governor’s initiative, employees were eligible for a total of six days of leave, calculated as one day of administrative leave and five days of verification leave. Exhibit 20 presents an overview of this leave incentive process.

³¹ Verification leave payouts are one-time payments and are not counted as creditable service or income for retirement purposes.

Exhibit 20

Vaccination Incentives Could Amount to Six Days of Leave for Eligible PFBC Employees



Announced August 10, 2021, employees who received both doses of a CDC-approved two-dose COVID-19 vaccine, or one dose of a single-dose COVID vaccine* by October 1, 2021, were eligible for:

- 1** **One Day of Administrative Leave**
- Leave had to be used by June 30, 2022.
 - No payout for unused leave.



On November 1, 2021, the Governor offered as an additional incentive to employees to be vaccinated by December 31, 2021, and those already vaccinated from the previous administrative leave incentive:

- 5** **Five Days of new “Verification Leave”**
- Leave could be used through March 31, 2022.
 - Unused leave would be paid to employee, but it would not count as creditable service nor be used for retirement purposes.

6 Days of Leave for Receiving COVID-19 Vaccination

Note: */Employees did not need to wait 14 days after their last dose to be eligible for this leave.

Source: Developed by LBFC staff from information provided by PFBC and from the Governor’s Office of Administration.

PFBC Employee Participation. The proposal to award employees verification leave (i.e., the second incentive) was intended to further incentivize employees to obtain COVID-19 vaccinations. To test the effectiveness of this initiative, we reviewed PFBC employee participation and found participation in the verification leave incentive decreased.

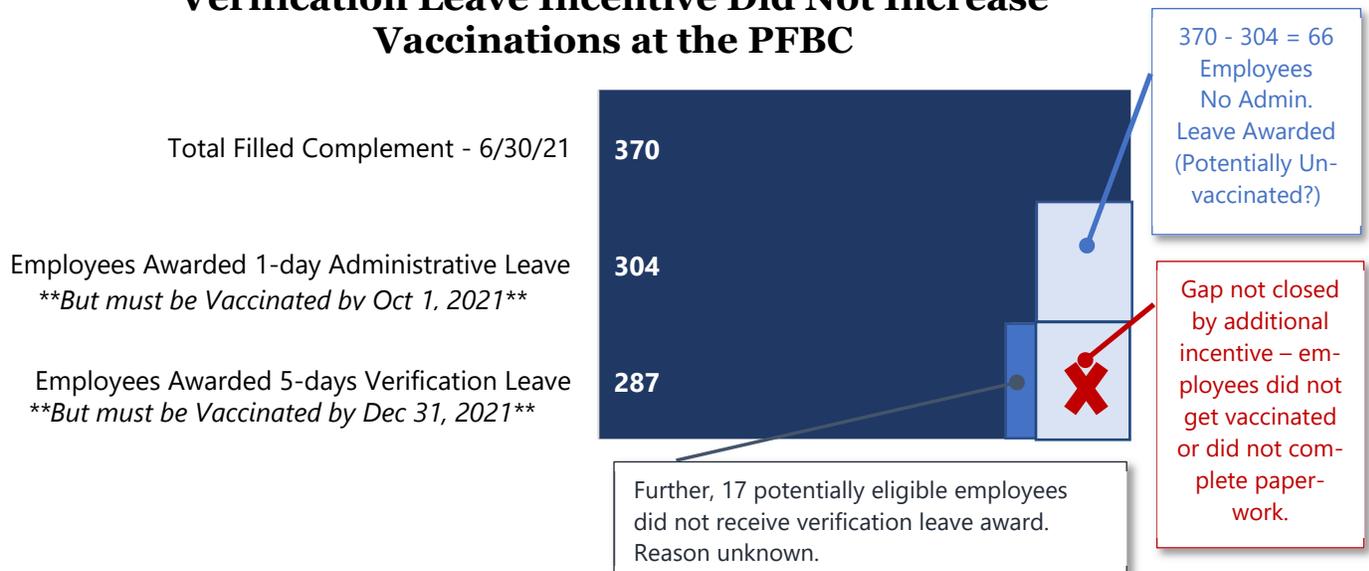
We tested the effectiveness of the incentive by comparing how many employees received the previously awarded one day of administrative leave, to how many employees then received the five days of verification leave. For example, as of June 30, 2021, there were 370 filled salaried positions at the PFBC. Using records obtained from the PFBC through OA, we found that 304 employees (82 percent of salaried complement) attested to having completed their vaccination regime by October 1, 2021 and were subsequently awarded one day of administrative leave. Conse-

quently, 66 employees chose not to participate in the administrative incentive, either because they chose not to be vaccinated or they failed to complete the necessary paperwork to obtain the leave.³²

Next, we looked to see how many employees received the second incentive of verification leave. We expected that this number would increase from 304 for two reasons. First, all employees who were previously awarded administrative leave (304) were already also eligible for the additional verification leave award. Second, since as many as 66 employees either chose not to be vaccinated or failed to complete the administrative leave requirements, the potential to have five additional days of paid leave seemed to be a strong incentive. However, as shown in Exhibit 21 fewer employees participated in the second incentive, indicating that the program was not successful in furthering the goal of additional PFBC employees receiving a COVID-19 vaccination.

Exhibit 21

Verification Leave Incentive Did Not Increase Vaccinations at the PFBC



Source: Developed by LBFC staff from information provided by PFBC.

As shown above, using 370 as the basis for the number of employees to be vaccinated, only 304 employees completed the vaccination regimen and completed the necessary paperwork to be awarded the leave. To be clear, this outcome does not mean that those 66 remaining employees

³² Although we use the term “paperwork” here, the process is electronic and involves using the commonwealth’s employee self-service (ESS) leave management system. Additionally, we were informed that PFBC employees needed to show their supervisor proof of inoculation.

were not vaccinated because it is possible that they simply failed to submit the paperwork within the designated deadline—although this seems unlikely because when employees were offered a second opportunity through the verification leave incentive, the number still decreased.

The intent of verification leave (5 days of potentially paid leave) was to further incentivize employees to get a COVID-19 vaccination. However, as shown in Exhibit 21, at the PFBC, the incentive did not further vaccination participation. As highlighted, the number of employees who received the new verification leave was 287, which is 17 fewer employees than received the earlier 1-day administrative leave. We were puzzled by this outcome and inquired with the PFBC about this discrepancy. We were informed that between the time the 1-day administrative leave incentive was announced—and the time of the verification leave incentive deadline (December 31, 2021)—the discrepancy may be explained by the fact that some employees left service with the PFBC, or they did not submit the required paperwork.

Verification Leave Agency Cost. Beyond the distinctions between these two leave incentives, verification leave is an entirely new class of leave, which is tracked and calculated over a short time frame (1st quarter of 2022). Further, unlike other types of “traditional” leave, which requires an employee to earn the leave over years of service, verification leave is provided through a one-time quota – and is payable to the employee if not used. Typically, unused leave is only paid if the employee separates from commonwealth service. As such, creating this new leave benefit represents an unforeseen cost to the PFBC. For this reason, we evaluated the direct cost of the verification leave benefit because it represents a never-before-seen type of employee incentive, and for the PFBC, proved to be ineffective in meeting its intent—increasing vaccinations.

We acknowledge that “direct cost” can be difficult to quantify as it requires certain assumptions about the nature of the leave. For example, verification leave may be payable to the employee, but not necessarily so. Under the terms of the policy, if the employee elects to use some or all the leave, then the used portion of the leave is not payable. Conversely, an argument can be made that if the employee uses verification leave, they are then “saving” or deferring other leave, which could be used later or paid, if separating from commonwealth service – and at a potentially higher hourly rate. Further, an employee who uses verification leave may create a staffing shortage, which could require the use of overtime to provide appropriate coverage.

These types of scenarios are varied and complex but provide additional commentary about the true cost of the leave incentive. Along these lines, cost can be measured by cost saving or avoidance. For example,

encouraging employees to be vaccinated can be a cost saving because it potentially offsets the cost of healthcare for employees, while helping to ensure that medical facilities are not inundated with patients. However, this argument is somewhat muted, because as we documented, the five-day verification leave incentive did not further vaccination rates at the PFBC.

Accordingly, we reviewed the cost of the verification leave incentive in two ways. First, we calculated the total cost in terms of the number of employees who received the leave and factored the additional leave against their base hourly rate. Secondly, we calculated what the total estimated payments are expected to be, after March 31, 2022, by determining how much leave had been used between January 1, 2022, through March 31, 2022.³³ Our results are shown below in Exhibit 22.

Exhibit 22

**Verification Leave Incentive Will Cost the PFBC
Between \$215,000 and \$327,000**

Total Potential Cost

- ➔ Total Employees Receiving Verification leave:
287
- ➔ Total Agency Cost Based on Each Employee's Hourly Rate:
\$326,957

Estimated Payment Cost

- ➔ Number of Employees Estimated to Receive Payment for Some or All of Their Verification leave:
219
- ➔ Total Estimated Agency Cost for Unused Verification leave Payments:
\$214,753

Source: Developed by LBFC staff from information provided by PFBC.

Using data we obtained from the PFBC, through OA, we found that for the 287 employees who received verification leave, based on their respective hourly pay multiplied by their respective work week hours (37.5 or 40 hours), the total potential cost to the PFBC is \$326,957.

³³ Technically, employees were able to use vaccination leave for any absences on or after December 20, 2021.

Further, we found that as of February 28, 2022, 219 employees had some or all their balance of verification leave that would be payable after March 31, 2022. The total cost of these payments is estimated to be \$214,753. More than half of the 287 employees (146) are scheduled to receive a full five days of payment for their unused leave.

Leave Compliance Requirements. As outlined by the side agreement letter between OA and AFSCME Council 13, employees who received either the one-day of administrative leave or the five days of verification leave, were not required to provide proof of vaccination; however, employees were notified that leave records may be audited and if audited, employees had two weeks to provide verification of vaccination.

We inquired with the PFBC if they intended to audit employee compliance with verification leave. Management informed us that they had initiated audit procedures and were notifying selected employees of the need to provide verification. As of March 18, 2022, approximately six employees had been selected and had verified their vaccination status without issue. PFBC staff indicated that additional employees would be selected for review and verification.³⁴ One issue that had arisen in this verification process was how to best confirm vaccination status. Because of concerns over confidentiality with medical records, the PFBC did not want to store employee vaccination records. Instead, the PFBC was connecting with employees through video link and having the employee show his/her vaccination record to the reviewer.

Future Action. In the end, the verification leave incentive did not prove to be successful. For this reason, we recommend that the PFBC complete a full compliance audit of verification leave to ensure that employees did complete their vaccination as required. Non-compliance with the policy should result in repaying of the verification leave and possible further action. Finally, we also believe that going forward the full fiscal impact of these types of incentives should be evaluated, and the commissioners should consider whether to proceed with any future additional incentives, if offered.

Recommendations

1. The PFBC should complete a full audit of the verification leave incentive to ensure all employees complied with the Office of Administration's requirements for obtaining verification leave.

³⁴ We were also informed that as a requirement to receive the earlier administrative leave, employees were required to show proof of vaccination to their direct supervisor. This requirement was not outlined in the original side agreement letter.

2. The PFBC commissioners should consider whether to proceed with any further incentives from the Office of Administration that will involve unexpected costs to the Fish Fund and Boat Fund.

APPENDICES

Appendix A – Status of Prior Recommendations from 2019

Status of Prior Recommendations LBFC's Performance Audit of the PFBC Released March 2019

Recommendation #1

Absent new revenue streams that are not based on licenses, the PFBC should support a license fee increase that first targets nonresidents, before raising the license fee on resident licenses.

PFBC Comment:

Agree. Non-resident licenses only account for 6% of total license sales, and 14% of total license revenue. To generate sufficient revenue to sustain the PFBC's operations, any future fee adjustments must include a large subset of the agency's core customer base, which includes non-residents, but is primarily driven by resident licenses.

Our Response:

We partially agree. As discussed earlier, the pandemic had several unintended consequences impact the PFBC. One of consequences has been increased license sales, which has largely dissipated the need for fee increases. Going forward, we continue to believe that should a time arise when fee increase are necessary, nonresident license fees should be raised before any resident fee increases are considered.

Recommendation #2

The PFBC should develop and transmit to the Governor, and the Senate and House Game and Fisheries Committees, a slate of possible fee increases for consideration.

PFBC Comment:

Agree. During the 2019-2020 Legislative Session, the PFBC developed a multi-year fee schedule that was shared with the Governor, the House and Senate Game and Fisheries Committees, and legislative leadership in conjunction with Act 56 of 2020. The PFBC pledged to not raise fees any higher than what was contained in the proposed schedule. The PFBC intended to incrementally adjust fees beginning in the 2022 license year, but it was determined that a fee increase is not needed at this time due to a ~13% cumulative increase in license sales from 2019-2021 and COVID-19 related spending restrictions during 2020.

Our Response:

We agree. As discussed above, the COVID-19 pandemic has tabled the immediate need for fee increases for the PFBC.

Appendix A Continued

Recommendation #3

To the extent that revenues will support hatchery operations, and operating within applicable federal and state permits, the PFBC should maximize the propagation and stocking of fish species for Pennsylvania's angling opportunities.

PFBC Comment:

Agree. The PFBC has continued rearing and stocking fish to maximize angling opportunities. Approximately 3.2 million adult trout are stocked annually from PFBC state fish hatcheries, along with one million cooperative nursery trout. About one million steelhead and Brown Trout are stocked into Lake Erie and its tributaries to maintain those fisheries. Tens of millions of warm/cool water species are stocked annually including Walleye, Striped Bass, hybrid Striped Bass, Largemouth Bass, crappie species, Channel Catfish, Muskellunge, tiger musky, American Shad, and other species. The number of stocked large, trophy-sized trout has doubled in the last few years. The sizes of Muskellunge and tiger musky have been increased substantially, and the PFBC is working on increasing the size of Largemouth Bass and Channel Catfish fingerlings stocked to promote greater survival. The PFBC continues to support hatchery operations within applicable state and federal permit guidelines.

Our Response:

We agree. As discussed in Section IV, the PFBC has continued its successful stocking programs. Future improvements planned at the hatcheries will ensure that stocking continues for future generations of anglers.

Recommendation #4

The PFBC should standardize the cooperative nursery inspection process by using an electronic-based form for capturing inspection data.

PFBC Comment:

Agree. The PFBC has a standardized Cooperative Nursery inspection process that includes entering all inspection data (pH, temperature, dissolved oxygen, flow, fish sizes) into the agency's database. Other information collected during nursery site visits and emergency calls is stored electronically on shared drives. The PFBC is also exploring the option of using an electronic data capture form that can be completed using an electronic tablet. There may be some IT limitations with finding affordable water-proof/weatherproof electronic tablets that can sync with the PFBC's RFP database.

Our Response:

We agree. The PFBC has improved its cooperative nursery inspection process. The addition of electronic data capture would further this endeavor.

Appendix A Continued

Recommendation #5

The PFBC should ensure that a minimum of two inspections are completed at each cooperative nursery.

PFBC Comment:

Agree. The PFBC does two inspections at each nursery annually. In the past, both were standard annual inspections to check on the nursery, condition of the fish, and water quality. Currently, one is a standard inspection, and the other is a gill lice inspection. Inspecting each nursery for gill lice (trout parasite) is a priority for the PFBC so that we can prevent the spread of this parasite to wild fish and other locations through stocking by cooperative nurseries. If the parasite is found during an inspection, the PFBC has a set of protocols that are followed to prevent the nursery from stocking the fish and ensure the removal of the parasites from the nursery for future trout rearing and stocking. The PFBC is also in the process of hiring an additional wage person to assist with the heavy workload to do these inspections and other tasks.

Our Response:

We agree. The additional staff hired to conduct these inspections has been a beneficial improvement to the program, while also ensuring that healthier fish from the program are stocked.

Recommendation #6

The PFBC should ensure that all required cooperative nursery sponsor reports are complete and filed on-time.

PFBC Comment:

Agree. The PFBC continues to work with cooperative nursery sponsor organizations to complete reports on time. We have increased communications about reporting requirements and deadlines. We also developed a stream section map that can be accessed on the CNU website to help co-ops fill out and complete their tentative stocking schedules and annual reports. The number of reports turned in on time has increased. As a penalty for late reporting, the PFBC gives lower grant application ratings to those sponsors who do not turn in their reports on time. This lower rating has resulted in sponsors not getting grant money. Also, the addition of a wage person will help ensure all required cooperative nursery sponsor reports are complete and filed on-time. PFBC staff will continue to find ways to improve cooperative nursery sponsor reports to ensure ease of completion and efficiency by cooperative nursery sponsor organizations.

Our Response:

We agree. The procedural changes made by the PFBC are leading to overall program improvement and better accountability for the PFBC efforts.

Appendix A Continued

Recommendation #7

PFBC staff should work with the State Civil Service Commission to revise the job requirements for the Waterways Conservation Trainee (Cadet) position to include individuals who have already completed Act 120 training.

PFBC Comment:

Agree. The PFBC recruited a class of cadets specifically for individuals who had previously obtained Act 120 certification. Recruitment for the class began on May 18, 2020, with the posting of openings through the Commonwealth's Open Jobs Portal and notices on the PFBC's social media platforms. The recruitment process resulted in only 57 applicants. Of the 57 applicants, six graduated and became WCOs on June 25, 2021, which was approximately half the number of WCOs the PFBC hoped to graduate through this new effort. One of the primary barriers to WCO recruitment is a relatively low pay scale, especially when compared to other state and municipal law enforcement agencies.

Our Response:

We partially agree. The effort completed by the PFBC shows that potential costs savings exist when hiring cadets that have already completed Act 120 training. The issue of the PFBC having a lower pay scale for its WCOs would still exist whether cadets are hired with or without Act 120 training.

Recommendation #8

If accepting WCO cadets with prior Act 120 training, the PFBC should continue to conduct thorough background and physical examinations of all hires.

PFBC Comment:

Agree. Applicants who were part of the cadet class with Act 120 training were subject to the same physical examinations and background checks that were in place for classes that did not have Act 120 training.

Our Response:

We agree. We continue to support hiring cadets with Act 120 training completed.

Appendix B – License and Permit Sales – Three Year Trend

Fishing License and Permit Category	UNITS SOLD		
	2019	2020	2021
1-Day Labor Day Resident	449	611	79
1-Day Labor Day Tourist	177	220	57
1-Day Resident	4,228	4,787	2,909
1-Day Tourist	5,293	5,190	5,635
10-year Non-Resident	18	14	15
10-Year Resident	790	869	1,117
3-Day Tourist	26,986	24,220	23,936
3-Year Non-Resident	560	592	538
3-Year Resident	12,115	16,353	16,639
3-Year Senior Resident	393	484	885
5-Year Non-Resident	96	81	112
5-Year Resident	3,946	4,192	5,112
5-Year Senior Resident	71	99	120
7-Day Tourist	7,657	7,442	8,086
PA Resident National Guard/Reserve	178	97	90
Senior Lifetime	16,160	19,348	21,156
Non-Resident	42,562	48,134	53,531
Non-Resident PA Student	n/a	n/a	1,103
POW Resident Annual	2	1	0
POW Resident Lifetime	0	0	0
Reduced Disabled Veteran	522	429	505
Resident	621,189	766,771	684,330
Senior Resident	24,626	28,990	29,014
Voluntary Youth	9,069	5,335	11,004
3-Year Combination Lake Erie and Trout Permit	2,187	2,500	2,732
3-Year Lake Erie Permit	168	267	229
3-Year Trout Permit	10,725	14,299	14,100
5-Year Combination Lake Erie and Trout Permit	839	797	1,048
5-Year Lake Erie Permit	34	63	60
5-Year Trout Permit	4,073	4,405	5,466
10-Year Combination Lake Erie and Trout Permit	213	199	313
10-Year Lake Erie Permit	7	9	8
10-Year Trout Permit	3,174	1,259	1,494
Combination Lake Erie and Trout Permit	71,194	84,993	85,214
Lake Erie Permit	23,636	27,089	23,947
Trout Permit	<u>446,348</u>	<u>527,807</u>	<u>500,305</u>
Total Licenses and Permits	1,337,648	1,597,946	1,500,889

Source: Developed by LBFC staff from information obtained from PFBC.

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Appendix C – Boat Registration/Title/Permits – Three Year Trend

Category	2019	2020	2021
Total Boat Registrations ^{a/}	156,052	158,615	169,198
Total Boat Titles ^{b/}	29,649	28,304	45,104
Total Boat Launch Permits ^{c/}	123,518	166,393	150,178

Notes:

a/ All registration transactions are for a two-year period. Registrations include new registrations, renewals, and transfers. Registration and titling sales start December 1 of the prior year and run through November 30.

b/ Titles include new titles, corrected titles, and lien titles.

c/ Launch permits include one-year and two-year permits and follow a calendar year basis.

Source: Developed by LBFC staff from information obtained from PFBC.

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Appendix D – Response from PFBC



May 2, 2022

Patricia A. Berger, Executive Director
Legislative Budget and Finance Committee
400 Finance Building
613 North Street
Harrisburg, PA 17105-8737

Dear Ms. Berger:

Thank you for the opportunity to review and comment on the Legislative Budget and Finance Committee's (LBFC) latest triennial audit of the Pennsylvania Fish and Boat Commission (PFBC). Please accept our compliments on the thoroughness and professionalism shown by Steve Fickes and Matthew Thomas. Steve and Matt graciously worked with numerous PFBC staff members to learn about, examine, and fairly report on the effectiveness of the PFBC programs under review and the general financial condition of the agency.

Their efforts resulted in six recommendations, which we were asked to comment on as part of the audit report finalization process. For your convenience, those recommendations are provided below, followed by our comments in italicized text.

LBFC Recommendations and PFBC Comments

1. The General Assembly should direct the LBFC to further study the feasibility of merging the Fish Fund and the Boat Fund into one special fund. As part of this analysis, the LBFC should factor all relevant cost savings, not just to the PFBC, but to other state governmental agencies, e.g., the Department of Revenue and the State Treasury. Additionally, opinions of such a consolidation should be obtained from relevant boating and angling stakeholders.

Agree. The PFBC would welcome the review and would also suggest that the review include an analysis of the impacts and costs associated with merging and managing the combined fund if there is a subsequent requirement to report on fishing and boating related expenditures separately.

2. The results of the above analysis should be reported to the House and Senate Game and Fisheries Committees for its collective consideration and possible action.

Agree.

Executive Office
1601 Elmerton Avenue | Harrisburg, PA 17110 | Phone: 717.705.7801 | Fax: 717.705.7802 | fishandboat.com

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3. To ensure that the PFBC's hatcheries continue to support the agency's mission, we recommend the General Assembly consider passing the proposed projects listed for the PFBC within the capital budget act for FY 2021-22.

Agree.

4. The Governor's Office and the Department of General Services should expedite the completion of the projects for the hatcheries, as well as other projects related to dams, lakes, and other access points.

Agree. The PFBC would like to acknowledge that the Governor's Budget Office and the Department of General Services' Public Works section have been instrumental and extremely responsive in assisting the PFBC with the remediation of the Commonwealth-owned hazardous dams managed by the PFBC and with other major, large-scale infrastructure projects.

5. The PFBC should complete a full audit of the verification leave incentive to ensure all employees complied with the Office of Administration's requirements for obtaining verification leave.

The PFBC agrees that an audit process is critical, and to be consistent and fair to its employees, the PFBC will continue to follow the Office of Administration's process.

6. The PFBC Commissioners should consider whether to proceed with any further incentives from the Office of Administration that will involve unexpected costs to the Fish Fund and Boat Fund.

The PFBC Board of Commissioners' central role is to govern and formulate policies to fulfill its role and has delegated its authority related to staff through the PFBC's Executive Director. Therefore, all authority and accountability of staff are delegated to the Executive Director and all delegated actions must be consistent with the Board's Human Resources Policy and section 304 of the Fish and Boat Code. Board policy limits Board involvement in personnel related matters to the transfer of functions to and/or from other Commonwealth agencies, furloughs, establishments or closures of field offices, and any organizational change at the bureau level or higher.

Section 304 of the Fish and Boat Code (30 Pa.C.S. § 304) requires the PFBC to act in accordance with the classification and compensation plans of the Governor's Executive Board for the appointment and compensation of employees.¹ In addition, the PFBC has

¹ The Executive Board's statutory authority includes the power "[t]o approve or disapprove . . . the payment of extra compensation to employees of administrative departments, boards, or commissions, who are employed at fixed compensation," and, "[t]o establish regulations concerning the entitlement to leaves of absence, with pay, for employees of administrative departments, boards or commissions." 71 P.S. § 249.

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historically relied on the Governor's Office of Administration for its policies, management and accounting systems, and internal control processes for administering employee pay and benefits.

Given the need to adhere to Board policy and the Fish and Boat Code and to collaboratively work with the Governor's Office of Administration on employee pay and benefits, the PFBC Commissioners have limited ability to implement this recommendation.

Thank you again for the chance to review and comment on the report. I look forward to appearing before the LBFC to discuss our agency's perspectives in-person.

Sincerely,



Timothy D. Schaeffer
Executive Director

