

## THE THREE "Rs" OF RESOURCE PROGRAM FUNDING

Richard H. Stroud  
Consultant on Aquatic Resources  
Pinehurst, NC

History has a way of repeating itself, sometimes over and over again. The subject of this conference, funding for fish and wildlife resources, is by no means novel. The problem of such funding has apparently beset fish and wildlife advocates for the better part of a century. During my own experience, over a span of some forty years commencing in 1942, it has been a continuing pressing problem at virtually all levels in every resource agency of my employ and acquaintance. Several other conferences have recently considered the matter or are scheduled to do so in the near future.

The problem seemed particularly acute during the late 1940s and early 1950s, when I was then the chief of fisheries (chief aquatic biologist) in the Massachusetts Division of Fisheries and Game. We were always scraping along on a pittance, begging, borrowing, sometimes even "stealing", in order to get the job done. I well remember invariably converting the dollar-cost of each desired new item of equipment into the corresponding number of fishing licenses required to yield the funds needed to purchase it, and ultimately evaluating the desirability of purchase in those terms. For example, the sale of 750 licenses (@ \$2.00) was required, then, to purchase a pick-up truck. Sometimes, on that basis, I decided to use a cheaper alternative--perhaps (for the example cited) a sedan with large trunk capacity, for only 500 licenses, or to postpone purchase or even to get along without it altogether.

Permanent staff positions were sharply limited in number, therefore relatively few qualified professionals were available to carry out a sophisticated program. We could hire people as laborers, paid accordingly, just so long as they were recommended by their local Assemblymen. The game had to be played or nothing got done, so we had to be innovative. In order to operate successfully within the system, we contacted universities throughout the country seeking fish and wildlife students with Massachusetts' residency. Most of them wanted employment of some kind to get some practical experience, even at our dreadfully low pay scales. So they went to their local Assemblymen, who demanded we employ their constituents, and it all worked out, at least in the short term.

The fisheries program in Massachusetts, as was also the case in most other states at the time, was saved from suffocation--in fact, "rescued" from disaster by enactment of the Federal Aid in Fish Restoration Act of 1950 (DJ). That Act made funds available to the state fish and game departments for fisheries conservation purposes in amounts equal to the annual revenues accruing from the wartime 10% manufacturer's excise tax on specified items of fishing tackle. It was patterned generally after the successful Federal Aid in Wildlife Restoration Act of 1937 (PR), which had made substantial funds available from similar taxes on sporting arms and ammunition for roughly corresponding purposes with respect to wildlife. As practiced, the funds were spent by the state fish and game departments on projects that involved restoration, management, and development of species that supported recreational fishing and hunting. Thus, the resource users who actually paid the taxes, i.e., who carried the "burden", were the ultimate beneficiaries.

Apart from the levy of state hunting and fishing licenses nationwide, those earmarked federal-aid taxation devices evidently represented the first large scale application of the "user-pay" principle to the problem of funding fish and wildlife programs.

Those key funding measures have provided major supplements to the revenues generated by the traditional resource-user licensing systems of the several states. Since their enactment, new factors--principally inflation that eroded purchasing power, and added new resource-management responsibilities without accompanying new funding--have led to efforts to expand their taxation bases.

The first such effort, involving hand-loading ammunition components, served recently to strengthen the PR program by relieving the latter factor to some extent. The next such effort, to expand the taxation base for the DJ program, actually commenced as early as 1956, when I drafted an amendment providing for a 5% tax on the manufacture of outboard boats, motors, and boat trailers and tried unsuccessfully to "sell" it to the boat and motor industry. That effort earned me the undying enmity of the leading elements of that industry and cost my organization (Sport Fishing Institute--SFI) a conservatively-estimated minimum of a million dollars of industry support over the ensuing years!

Undaunted, our next effort concentrated on persuading the manufacturers of untaxed major items of fishing tackle--specifically, fishing lines, tackle boxes, and electric fishing motors--to accept taxation identical to that imposed from the outset on fishing rods, reels, and creels and artificial baits, flies, and lures. By 1974, all the "wheels" appeared to have been properly greased when the "organizational roof" suddenly caved in. The favorably disposed but aging executive staff of the American Fishing Tackle Manufacturers Association, trade group of the industry, was replaced *en masse* by a younger cadre adamantly determined on complete program overhaul regardless of prior policies. Insurmountable road blocks appeared overnight and our effort was effectively and summarily derailed.

When Carl Sullivan left SFI and became executive director of the American Fisheries Society (AFS) he took with him knowledge of those efforts and setbacks, and launched a vigorous new effort in the name of AFS to expand the DJ tax base. Those first efforts failed because of the continuing irrational opposition of the boat and motor industry. Having relearned that lesson the hard way, Sullivan then strongly supported a lesser but wiser effort, incorporating certain new elements proposed by Gilbert Radonski of SFI (1982). Current efforts (S.2062 and H.R.2163) seek to reallocate to the DJ fund existing federal taxes on motor boat fuels and to extend the existing 10% excise tax to virtually all untaxed items of fishing tackle and fishing accessories--other than boats, gasoline motors, and boat trailers. Tantalizing success trembles in the balance of the fate of the U. S. Senate's highly controversial Omnibus Tax Reconciliation Bill of 1983 (S.2062). Success will come none too soon, if attainable, and should treble (perhaps quadruple) the existing funding level for the DJ program. Taxation of boats, gasoline motors, and boat trailers is manifestly justifiable and should, and doubtless will, be pursued with vigor in the future as a separate issue, for as long as it takes to achieve it (perhaps a decade).

I cite the foregoing anecdotal experiences solely for the purpose of illustrating that the theme of this conference, "funding for fish and wildlife resources", reflects a vital and continuing challenge that will most certainly require unremitting dedication over the long-term. It is my fervent hope that your present deliberations will succeed in generating some helpful new approaches as well as strengthening resolve to enhance existing sources. Those worthy efforts might well be guided by a set of principles which I suggest can be designated as the Three Rs of Resource Program Funding--i.e., Reassessment, Resourcefulness, and Restraint. Permit me to discuss each of the latter briefly, as follows.

#### Reassessment

Almost everybody in fish and wildlife resources work has a particular interest or bent that she or he is most inclined to pursue, often with considerable skill, dedication, and commendable results. This is especially true with respect to research but applies to resource management as well, perhaps also to development. Unfortunately the work being done, even when of high quality, may not be especially germane to an agency's mission. It's a matter of determining what are the right questions to be answered, or of carrying out the selected tasks of the greatest importance needed to satisfy agreed objectives.

Essentially, then, one of the most important needs of a fish and wildlife agency is to state its over-all mission in sufficiently clear and unambiguous language to enable that mission to be reduced to a minimum number of goals or objectives to be attained. All activities must be reviewed and evaluated in the light of agreed objectives. Priorities must be assigned; some activities will undoubtedly then appear to be unsuitable and should be discontinued. In short, an intensive formal planning exercise should be undertaken with all personnel actively involved at various levels in the process.

Only then can it be decided with confidence what needs to be done, what funds are required, which funds need to be reallocated from activities of low priority to those of higher priority, etc. I know, of course, that it is very much easier to recommend program reassessment, and to agree to it, than it is to carry it out...

I well remember the many sessions I spent in 1964-65 as a consultant working in this city on formulation of the California Fish and Wildlife Plan. One of the "stickiest" aspects was the widespread feeling within the DFG professional staff that the planning effort was a thinly veiled attack on existing programs. One of the roles of the consultants was to help dispel this troublesome notion. Ultimately, it became a grudging realization within departmental ranks that planning is helpful because it reveals the gross waste of research effort involved when the "wrong" questions are being answered, however brilliantly.

Along these same lines, one of my most frustrating experiences occurred as a member of the U. S. Secretary of Commerce's Marine Fisheries Advisory Committee (MAFAC) 1972-75. As its chairman, I was advocating the unanimous view of the Marine Recreational Fisheries (MRF) Subcommittee that NOAA/NMFS should initiate a continuing program for the annual collection and analysis of nationwide MRF catch/effort statistics roughly corresponding in magnitude to its commercial fisheries statistics program. The full MAFAC unanimously endorsed and supported the MRF subcommittee's recommendation. There followed an extended discussion of funding sources to implement the agreed new activity. Additional new Congressional appropriations were considered unattainable by then NOAA-Administrator Robert White. He therefore urged the MAFAC to identify some existing activity that could be eliminated in order to make available the funds needed for this new project. In a minor miracle, the MAFAC agreed unanimously, after detailed examination of the NOAA/NMFS budget, that the commercial fish marketing project was inappropriate (they said that private industry could, should, and would do it) and ought to be eliminated so as to free up the funds needed for the desired new MRF statistics program! This action was taken formally, in fact, at two successive quarterly meetings of the MAFAC. Each time, it also received the Administrator's stated approval. Nevertheless, a decade later, the federal marketing program continues to thrive while the important MRF statistics program suffers badly from woefully inadequate funding...

I suppose that the moral, here, is to be as certain as is humanly possible what are the "right" questions to ask with respect to agreed goals needed to carry out the agency's mission, and then to be truly willing to readjust existing priorities in the public interest. Such willingness reveals clearly who is truly dedicated to achieving the mission and who is not.

#### Resourcefulness

License fees have historically constituted the chief source of revenues for financing state fish and game programs. The record of the several decades since World War II shows clearly that these revenues have lost significant purchasing power in the face of crushing inflation. Faced with the frustrating problem of operating on fixed fees in an economy of rising costs, vice-president Jamie Smith of the California Fish and Game Commission, speaking before the Western Association of State Game and Fish Commissioners more than two decades ago (1962), stated that substantial and dependable revenues other than license moneys almost necessarily must come from general funds. Subsequent efforts in many states to obtain significant such revenues have come to naught for the most part, however, and it has become evident that other possible sources must be exploited. Mr. Smith evidently had his own doubts at the time because in the same breath he advocated that several alternatives be pursued. He called for legislative reimbursements to be made for DFG expenditures on projects of general public benefit not rightly charged solely to anglers and hunters. He cited as examples, water pollution control projects, water projects planning studies, and free fishing licenses issued to the needy aged. He also urged the Legislature to transfer to the Fish and Game Preservation Fund the state sales tax receipts on all fishing and hunting equipment (in 1962, about \$1.3 million in California), to allocate to DFG at least part of the unrefunded taxes on fuels used in motor boats, and to consider enactment of special taxes such as the Wisconsin cigarette tax (Stroud and Jenkins 1962).

These remain good ideas today, applicable to greater or lesser extent in all states. The fundamental growing need for funds has been aggravated by progressive reductions in the federal budget. There is great need therefore to be innovative and resourceful in seeking new funds. Potentially promising new sources include such things as manufacturer's excise taxes and/or consumer sales taxes on a wide variety of outdoor equipment used by both consuming and non-consuming resource users alike, tax-return checkoffs, voluntary contributions to resource foundations, and, especially, a wide variety of user fees. By far the largest yearly generator of new moneys in any state has been Missouri's one-eighth of one percent sales tax. It now provides about \$35 million annually, or about 60% of the total budget of the Department of Conservation (Jahn in press).

#### Excise Taxes on Outdoor Equipment and Supplies

An independent study was published nearly a decade ago that analyzed potential excise tax yields from 17 items or groups of items that could be applied to grants for nongame species (WMI 1975). Now, pursuant to Sec. 12 of the federal Fish and Wildlife Conservation Act of 1980, the U. S. Fish and Wildlife Service (FWS) is evaluating potential sources of revenues for grants to the states for developing state fish and wildlife conservation plans and for carrying out actions for the benefit of fish and wildlife, especially nongame species and populations. (The term "nongame" includes all unconfined naturally wild vertebrates that are not ordinarily taken for sport, fur, food, or commerce, not "endangered" or "threatened", and are not "marine mammals".) Results of the study, with accompanying recommendations for establishment of the most equitable and effective mechanism for funding the program, are to be submitted to the Congress by the end of 1984.

The WMI study (1975) and the records of hearings on various pieces of nongame legislation have been combed for leads to funding. From these records, the FWS selected for consideration some 25 potential sources of funding. Screening with respect to the user-pay principle, potential net revenue yield, and possible economic discrimination left 18 for detailed evaluation. Except for four possible sources (general appropriations, entrance fees, income-tax checkoffs, stamp sales), they are all various types of excise taxes levied at the manufacturer/importer or equivalent level. A list of these potential sources was published in the Federal Register for October 28, 1983 (vol. 48, no. 210:50004-5).

The glaring omission in all this is any suggestion for a manufacturer's excise tax on boats, motors, and boat trailers--clearly among the more lucrative and justifiable potential sources, especially with respect to funding for recreational fisheries programs. I question whether such omission is as much related to the "nongame" emphasis as to the memory of the political pressure that was generated during recent efforts at DJ expansion.

#### Voluntary Income-Tax Checkoffs

One of the promising innovative approaches has involved the voluntary income-tax checkoff system which is being used currently in about 30 states to collect funds for nongame fish and wildlife conservation programs. Essentially, state citizens may check off contributions of \$1, \$5, \$10, or indicate any other amount of their tax refund for dedication to the nongame programs, as in West Virginia (Carothers 1984). Twenty states had their programs in effect early enough to cover the entire 1982 tax year. They collected almost \$6 million by this means for support of nongame conservation efforts (Radonski 1983). Such annual revenues have totalled considerably less than  $\frac{1}{2}$  million per state except New York--which took in an estimated \$1.5 million in 1982 (Jahn in press).

#### Endowment/Trust Funds and Foundations

Another of the more promising new ideas for generating added funds for fish and wildlife conservation programs--unrestricted to nongame purposes--is that of state-sponsored foundations, trust funds, and endowments for acceptance of tax-deductible contributions. An example is the North Carolina Wildlife Endowment Fund that was established by the 1981 session of the state Legislature to enable the North Carolina Wildlife Resources Commission to accept tax-deductible donations for wildlife conservation. Moneys from the sale of

lifetime hunting and fishing licenses and lifetime subscriptions to Wildlife in North Carolina magazine are also deposited into that fund. The North Carolina Wildlife Resources Foundation, Inc. was organized in 1982 to raise moneys in support of the Wildlife Endowment Fund. Only the interest from the Fund, which now totals over \$2 million, will be used (Bevill 1984).

Equally noteworthy along these lines is the recent action by the Congress (S.1271) to establish a national fish and wildlife foundation to receive contributions from private sources. The U. S. government would make an initial modest contribution of \$3 million to start things off. Bills to this effect have reportedly passed both the U. S. House and Senate and are now in referral back to those bodies for correction of technical details; no roadblocks to final passage are foreseen (Gottschalk 1984).

#### Resource User-Fees

Fishing and hunting licenses have been the chief means of generating resource conservation funds in the time-honored tradition of the "user-pay" principle. Except for periodic adjustments to accommodate the inroads of inflation, many such fees cannot be raised substantially without invoking a serious level of economic discrimination that is both undemocratic and unacceptable. I believe that analysis will reveal, however, that many current licensing exemptions are no longer justifiable. Such loopholes will yield substantial new revenues when closed. Any efforts to close the loopholes must be preceded with strong informational/educational programs to pave the way, justify the closures, and "sell" the public and legislatures.

The biggest of all such loopholes, apart from California, Texas, and Alaska, is the wholesale exemption of marine anglers in most coastal states from saltwater licenses. I believe that required licensing of saltwater anglers in all states, for purposes of funding badly needed marine recreational fisheries programs within the Territorial Seas and closely adjacent waters, is an idea whose time has finally come. Many safeguards need to be built into the licensing system and licensing must be at the state (vs. federal) level and carried out in accordance with several uniform fundamental standards (Stroud 1983).

#### Restraint

When times are tough, considerable restraint is customarily exercised in spending what limited agency funds are available. Much soul searching occurs with respect to possible capital expenditures, acquisition of personnel, program priorities, etc. Such restraint tends to produce "lean" programs that yield the biggest possible "bang" for each "buck" expended.

On the other hand when agencies have plenty of money to spend they tend to become "fat" and to add projects and programs of questionable priority or merit. The additions are often nice to have and are often interesting, but they may not be as justifiable as they should be vis-a-vis the main mission and its inherent goals. These circumstances become a source of future trouble, by rendering the agency vulnerable to outside sniping and criticism as a wastrel.

Restraint in spending any newly acquired funds should be continuing administrative policy to which every staff member becomes dedicated. The much ballyhooed efforts by budget officers in recent years to seek cost-effectiveness or favorable benefit-cost ratios for all kinds of programs, regardless of the difficulties involved, is a reflection of this attitude. While perhaps over-drawn in some instances with respect to perceived aesthetic values, there is much merit in the underlying philosophy.

The Defense Department may be able to get away with prodigious waste for a while but a day of reckoning seems inevitable even there sometime. Natural resource agencies simply cannot afford to waste the limited moneys they receive since they come largely as more or less "painful" voluntary payments of one kind or another. Conservation's pot of gold is shallow and its contents are sparse at best.

Restraint in expenditures, based on carefully set priorities drawn within the context of the agency mission and supporting goals, must be an overriding philosophical guide on an indefinite time scale. Otherwise, as I see it, the funding problem will never become manageable regardless of all other considerations.

I wish you good progress in your deliberations. Thank you for your kind attention and the privilege of addressing you.

#### ACKNOWLEDGEMENTS

I am much indebted for helpful information or suggestions supplied in response to my inquiries while preparing this address, to the following personnel to whom I am pleased to express my thanks publicly at this time: Mr. W. Vernon Bevill, executive director, North Carolina Wildlife Resources Commission, Raleigh; Ms. Kathleen Carothers, nongame unit wildlife biologist, Wildlife Resources Division, West Virginia Department of Natural Resources, Elkins; Dr. John S. Gottschalk, counsel, International Association of Fish and Wildlife Agencies, Washington, D. C.; Dr. Robert F. Hutton, chief, constituent affairs staff, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Washington, D. C.; Mr. Norville S. Prosser, vice president, Sport Fishing Institute, Washington, D. C.; and Mr. Carl R. Sullivan, executive director, American Fisheries Society, Bethesda, Maryland.

#### Literature Cited

- Bevill, Vernon W. 1984. Personal communication. Letter dated Jan. 4, 1984. N.C. Wildl. Res. Comm., Raleigh, N. C.
- Carothers, Kathleen. 1984. Personal communication. Letter dated Jan. 5, 1984. W. Va. Dept. Nat. Res., Elkins, W. Va.
- Gottschalk, John S. 1984. Personal communication. Telephone advisory on Jan. 18, 1984. Int. Assoc. Fish & Wildl. Ag., Washington, D. C.
- Jahn, Laurence R. In press. Philosophy of nongame fish and wildlife management. In Workshop on a Nongame Fish and Wildlife Program for Florida, November 16-17, 1983. Fl. Game & Fresh Water Fish Comm., Tallahassee, Fl.
- Radonski, Gilbert C. 1982. Communication to the Honorable John Breau, U. S. House of Representatives. Letter dated May 21, 1982. Sport Fishing Inst., Washington, D. C.
- Radonski, Gilbert C. (ed.). 1983. Nongame checkoff states total 28. SFI Bulletin, No. 350 (Nov.-Dec.): 5. Sport Fishing Inst., Washington, D. C.
- Stroud, Richard H. 1983. Opportunities for further cooperation. In John W. Reintjes (ed.), Improving Multiple Use of Coastal and Marine Resources: 61-68. American Fisheries Society, Bethesda, Md.
- Stroud, R. H. and R. M. Jenkins. 1962. Additional revenue sources. SFI Bulletin, No. 130 (Sept.): 3. Sport Fishing Inst., Washington, D. C.
- WMI. 1975. Current investigations, projected needs and potential sources of income for nongame fish and wildlife programs in the United States. 93 pp. Wildlife Management Inst., Washington, D. C.