

## Backing Green<sup>1</sup>

This IPRO report examines the level of state appropriations for the Iowa Department of Natural Resources (DNR) in light of the 30 percent cut over the last two years, the largest cut to any state agency.<sup>2</sup> The costs and benefits of the current level of funding are examined, comparisons between other states' appropriation levels are given, and alternative revenue sources are provided.

### Potential Value of the DNR

#### *Benefits*

Increasing funding for the DNR would allow the department to return to previous levels of more efficient service, move forward with cut or eliminated natural resource projects, and provide Iowans more opportunities for recreation. From FY 2009 to FY 2010, seasonal positions were reduced by 109,000 labor hours. The elimination of seasonal positions had a significant impact on maintenance and operations of state parks. This lack of maintenance has resulted in the closure of state trails.<sup>3</sup> Further reductions in funding could lead the closure of parks.<sup>4</sup> Iowa's parks provide opportunities for recreation at a time when 64.3 percent of Iowans are considered overweight.<sup>5</sup>

The Management Services Division reduced full-time equivalencies by 6 percent; Environmental Services, by 1 percent; and Conservation and Recreation, by 5 percent. Forced redirecting of funds resulted in a reduction of oversight and enforcement of laws of confinement operations, reductions in public programs, reduction in hatchery production and fishing license sales, and reductions in new habitat enhancement. Funding reductions have also led to the reduction in information available to the public due to printing costs.<sup>6</sup>

Increased funding would also help address Iowa's water quality issues. With 434 waterways on the impaired waters list and 700 manure spills in the past 15 years, Iowa's water quality is among the lowest in the nation.<sup>7</sup> The floods of 2008 also provide a case for more wetlands restoration, which would help prevent future flooding.<sup>8</sup>

#### *Costs*

Reducing funding can force increased efficiency and encourage the pursuit of alternative revenue sources. It also affects the balance between Iowa's agricultural industries and natural habitats. As a result of Iowa's high percentage of private land ownership (around 89 percent), protecting natural habitats for fish and wildlife and offering outdoor recreation opportunities for residents is a

---

<sup>1</sup> Report created by Elizabeth Weyer (elizabeth-weyer@uiowa.edu) and Lee Henely (lhenely@gmail.com).

<sup>2</sup> <http://www.radioiowa.com/2010/09/07/exiting-dnr-director-says-agency-woefully-and-shamelessly-underfunded/>

<sup>3</sup> <http://www.iowadnr.gov/files/annual2010.pdf>

<sup>4</sup> <http://www.radioiowa.com/2009/12/28/dnr-may-rope-off-parts-of-state-parks-due-to-budget-cut/>

<sup>5</sup> <http://www.hs.iastate.edu/news/releases/view/154/>

<sup>6</sup> <http://www.iowadnr.gov/files/annual2010.pdf>

<sup>7</sup> <http://iowaindependent.com/41542/group-calls-on-dnr-to-better-protect-iowa-waterways>

<sup>8</sup> <http://www.iowaswaterandlandlegacy.org/ducks.aspx>

challenging endeavor that requires creative and sometimes costly solutions. Protecting Iowa’s natural resources must be balanced with supporting the continued growth of agriculture and the value-added industries in rural areas. The rapid growth of the corn-based ethanol industry, as well as other biofuels, is also putting pressure on Iowa’s agricultural production capacity and strongly incentivizing farmers to bring more acres into production.<sup>9</sup>

## Department Overview

The Iowa Department of Natural Resources (DNR) is charged with protecting the state’s parks, woodlands, water, wildlife, and environmental management practices, while upholding the tenets of its mission: “To conserve and enhance our natural resources in cooperation with individuals and organizations to improve the quality of life for Iowans and ensure a legacy for future generations.”<sup>10</sup>

To fulfill the responsibilities associated with maintaining over 420,000 acres of public land, the DNR relies on a budget of approximately \$220 million, 1,100 permanent and seasonal employees, and over 40,000 volunteers.<sup>11</sup> Although only 15 percent of the DNR’s total budget is appropriated from the state’s general fund, this appropriation level is necessary for the overall management of the organization as 35 percent of this amount is used to secure federal funding and over 50 percent is used for the operation of state parks and forests.<sup>12</sup> (See Image 1)

The DNR’s general operating budget for 2010 holds at \$121.6 million. Its major sources of funding include:<sup>13</sup>

Fish and Wildlife Trust Fund - \$35.66	Fees/Receipts - \$25.87 million
Federal - \$25.43 million	General Fund - \$17.7 million
Environment First - \$6.54 million	Groundwater Fund - \$5.07 million
Rebuild Iowa Infrastructure - \$2.97 million	Other \$1.46 million

## Iowa DNR Trends

The DNR faced perhaps the most significant budget gap of the past 30 years during fiscal year 2010.<sup>14</sup> DNR officials stressed that the funding reduction occurred at a time when Iowa continues to experience severe environmental crises and an increasing demand from the public for outdoor recreation opportunities. According to official data, floods have devastated Iowa’s farms, cities and land conservation areas; the forestry industry is in crisis due to the emergence of the emerald ash borer and the gypsy moth insects; while admissions at state parks are soaring as more citizens stay

<sup>9</sup> <http://www.card.iastate.edu/environment/items/DNR-Amenity.pdf>

<sup>10</sup> <http://www.iowadnr.gov/about.html>

<sup>11</sup> Ibid

<sup>12</sup> <http://www.iowadnr.gov/files/annual2010.pdf>

<sup>13</sup> Ibid

<sup>14</sup> Ibid

closer to home in a weakened economy.<sup>15</sup> Furthermore, DNR data reports that 53 percent of the water in Iowa is classified as “poor” and the EPA last reported 439 impaired bodies of water in Iowa in 2008.<sup>16</sup>

This decrease in funding leaves Iowa ranked 47<sup>th</sup> in the nation for per capita natural resource spending.<sup>17</sup> In order to meet the challenges stemming from uneven funding reductions throughout the department (for instance the Fish and Wildlife Trust fund experienced a \$3.3 million funding reduction and the general budget faced a \$3.1 million decline) the DNR approached the budget crisis with the view that only one budget exists for the entire department. Overall, the department is organized into four divisions, with four corresponding operating expenses:<sup>18</sup>

<b>Department Divisions:</b>	<b>FY2010 Operating Expenses:</b>
Director’s Office	\$4.6 million (4 percent)
Conservation and Recreation Division	\$52.3 million (43 percent)
Environmental Services Division	\$52.4 million (43 percent)
Management Services Division	\$12.3 million (10 percent)

In response to the funding reductions the DNR has turned to keeping current employment vacancies open and reducing the number of seasonal employees, while relying more on volunteers. This action alone will generate more than \$3.9 million in savings according to DNR estimates. However, the loss of more than 109,000 labor hours from seasonal employees has a disproportionate impact on the maintenance and operations of state parks as seasonal employees, assuming a large responsibility of the seasonal park duties and the number of volunteers fluctuates from season to season.

The DNR also redirected funding priorities to develop a new flood plain program that will focus on developing disaster responses. This funding reorganization required more than 50 areas of DNR expenses to be reduced, including:<sup>19</sup>

- maintaining outdoor recreational facilities
- monitoring animal confinement operations
- monitoring water quality restoration projects
- reduce the purchasing of equipment, supplies, amount of business travel, and employee training

### **Alternate Funding Proposals**

#### *Iowa Water and Land Legacy Amendment*

<sup>15</sup> <http://www.desmoinesregister.com/apps/pbcs.dll/article?AID=20108310362>

<sup>16</sup> <http://www.thehawkeye.com/print/trust-fund-052310>

<sup>17</sup> <http://www.desmoinesregister.com/apps/pbcs.dll/article?AID=20108310362>

<sup>18</sup> <http://www.iowadnr.gov/files/annual2010.pdf>

<sup>19</sup> <http://www.iowadnr.gov/files/annual2010.pdf>

In 2006, the state legislature assigned the Sustainable Funding Advisory Committee to investigate and propose sustainable funding methods for Iowa's natural resources. The Advisory Committee determined that funding for natural resources would need to amount to approximately \$150 million annually in addition to current funding, and that this funding should be dedicated, sustainable, and protected.

To this end, the Advisory Committee recommended a constitutional amendment to create a trust fund for natural resources funding. In Iowa a constitutional amendment must be passed by two different General Assemblies and then go to the people for a final vote. The resolution to create a Natural Resources and Outdoor Recreation Trust Fund passed as SJR-2002 in 2008 and HJR-1 in 2009.<sup>20</sup>

The Natural Resources and Outdoor Recreation Trust Fund would be a permanent fund dedicated to the maintenance of water quality, conservation of agricultural soils, and improvement of Iowa's natural areas, including wildlife habitats.<sup>21</sup> The Iowa Water and Land Legacy Amendment, on the ballot for November 2010, will, if passed, complete the legislative process to amend Iowa's constitution and create the fund.<sup>22</sup>

The amendment does not include a tax increase, but its revenue will depend on allocating 3/8 of one cent from sales tax revenue following the next increase in sales tax approved by the Iowa Legislature. Supporters estimate the initiative will generate the needed \$150 million annually if passed.<sup>23</sup>

The amendment is supported by Iowa's Water and Land Legacy, a ballot committee organized in all of Iowa's 99 counties. The committee represents a coalition of over 60 organizations with more than 250,000 members in Iowa. According to the committee, 90 percent of Iowans say protecting water, land and recreational opportunities is critical to the state's economic vitality.<sup>24</sup>

*House File 2797: Potential Natural Resource Funding Mechanisms<sup>25</sup>*

Before selecting to support the Iowa Water Land and Legacy Amendment, the legislature considered four other options to raise revenue for natural resource funding. These include:

- Utilize additional gambling and gaming revenues
- Dedicate a portion of lottery revenues
- Create tax incentives/credits for conservation practices/actions
- Bonding for long-term funding stability term funding stability

---

<sup>20</sup> [http://www.iowadnr.gov/sustainablefunding/files/10jan08\\_final.pdf](http://www.iowadnr.gov/sustainablefunding/files/10jan08_final.pdf)

<sup>21</sup> <http://www.iowawaterandlandlegacy.org/home.aspx>

<sup>22</sup> [http://www.iowadnr.gov/sustainablefunding/files/10jan08\\_final.pdf](http://www.iowadnr.gov/sustainablefunding/files/10jan08_final.pdf)

<sup>23</sup> Ibid

<sup>24</sup> Ibid

<sup>25</sup> [http://www.iowadnr.gov/sustainablefunding/files/progress\\_ppt.pdf](http://www.iowadnr.gov/sustainablefunding/files/progress_ppt.pdf)

### *Implement or Increase Fees*

Iowa currently does not charge daily-use fees for its state parks. Although charging daily fees for many state parks would be cost prohibitive after paying worker salaries due to low daily attendance numbers, there are many potential areas where park fees could be implemented or increased. For instance, fees for parking at state parks could be implemented through the use of self-pay kiosks, keeping in mind that funds would then be necessary for purchase, installation, and enforcement of the kiosks. Further, most Midwestern states, including Iowa, charge for overnight use of facilities and campgrounds, providing another area for fee increases.

As a new alternative to increasing daily-use fees, Michigan created a “Recreation Passport” program that was implemented in October, 2010. Michigan residents can “opt in” to receive a Recreation Passport when renewing their license plates for a \$10 fee. The Passport grants access to Michigan’s state parks, recreation areas, and boating access sites and are cheaper for residents than current fees. Residents who do not opt in at the time and wish to visit a state park must purchase a Passport at the park, possibly for a higher fee.

Midwestern State Park Daily-Use Admissions: <sup>26</sup>

<b>State</b>	<b>Number of State Parks</b>	<b>Admission Fee</b>
<b>Illinois</b>	60	None; \$1/day (beaches only)
<b>Indiana</b>	26	\$5/day/vehicle (state residents) or \$7/day/vehicle (out-of-state residents)
<b>Iowa</b>	68	None
<b>Kansas</b>	24	\$3.70-\$4.20/day/vehicle
<b>Michigan</b>	98	\$10/year (state residents only) <sup>27</sup> or \$8/day
<b>Minnesota</b>	74	\$5/day/vehicle
<b>Missouri</b>	83	None
<b>Nebraska</b>	18	\$4/day
<b>North Dakota</b>	15	\$5/day/vehicle
<b>Ohio</b>	74	None
<b>Wisconsin</b>	66	\$7/day/vehicle

<sup>26</sup> <http://www.ncnblog.com/2010/07/09/daily-use-fees-and-free-days-for-state-parks/>

<sup>27</sup> [http://www.michigan.gov/dnr/0,1607,7-153-10365\\_55798-234631--,00.html](http://www.michigan.gov/dnr/0,1607,7-153-10365_55798-234631--,00.html)

*Funding Alternatives Enacted by other States*

Missouri and Arkansas have dedicated a percentage of sales tax to natural resource funding. Minnesota and Nebraska dedicate a percentage of lottery revenue. Illinois and Arkansas use real estate transfer taxes to raise funding.<sup>28</sup>

*Additional Alternatives Proposed by the Sustainable Funding Advisory Committee*

- Bonding
- Reallocation of existing infrastructure funds
- Biofuels severance tax
- Water tax on large users
- Expanded use of underground storage tank remediation funds
- Gas tax
- State excise tax on outdoor recreational equipment
- Bottle bill expansion
- Tax on those who most adversely affect the environment
- Tax on out-of-state users of water
- Bottled water tax
- Severance tax on all energy producers
- Fossil fuel tax
- Tax on storm water run off that adversely affects the environment
- Recreational vehicle registration fee allocation<sup>29</sup>

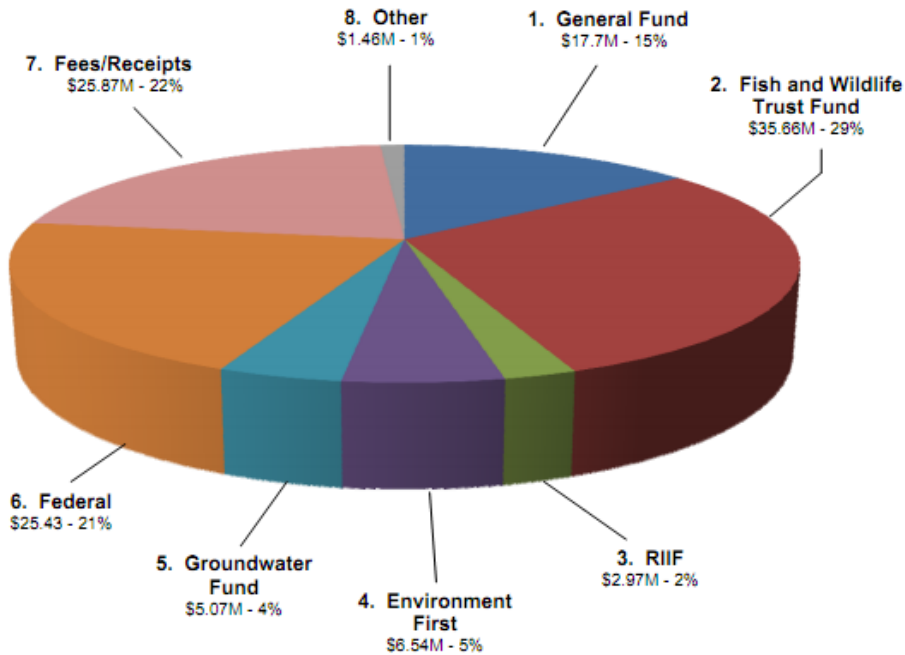
**Section II: Comparison of Natural Resource Spending Throughout the Midwest**

State	Spending per State-Owned Acre of Land	Percent of Total Land Owned by State
<b>Ohio</b>	\$1438	1.61%
<b>Illinois</b>	\$1175	1.14%
<b>Nebraska</b>	\$584	0.50%
<b>Kansas</b>	\$477	0.60%
<b>Indiana</b>	\$416	1.33%
<b>Iowa</b>	<b>\$400</b>	<b>0.74%</b>
<b>Michigan</b>	\$79 (massive land holdings)	12.35%

<sup>28</sup> [www.law.drake.edu/centers/docs/RL2/lizChristiansen.pdf](http://www.law.drake.edu/centers/docs/RL2/lizChristiansen.pdf)

<sup>29</sup> [www.law.drake.edu/centers/docs/RL2/lizChristiansen.pdf](http://www.law.drake.edu/centers/docs/RL2/lizChristiansen.pdf)

Image 1: DNR Budget Major Funding Sources, Fiscal Year 2010<sup>30</sup>



This report was prepared in October 2010 by the Iowa Policy Research Organization (IPRO), a non-partisan public policy undergraduate research group at the University of Iowa. For additional research on this or other issues, please visit our website at <http://www.uiowa.edu/~ipro/> or contact us at [caroline-tolbert@uiowa.edu](mailto:caroline-tolbert@uiowa.edu).

<sup>30</sup> <http://www.iowadnr.gov/files/annual2010.pdf>