Investing in Iowa’s Environment
Budget Trends 1997-2006

Teresa Galluzzo

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Author and Acknowledgements

Teresa Galluzzo has been a Research Associate at the Iowa Policy Project since November 2004. Her work focuses on Iowa environmental issues.

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Investing in Iowa’s Environment
Budget Trends 1997–2006

By Teresa Galluzzo

Iowa is a state particularly shaped by and reliant on its environment. The east and west borders of the state are drawn by two of the nation’s greatest rivers, the Mississippi and Missouri. Because of the historical quality and abundance of Iowa’s natural resources, 88 percent of the state’s land is devoted to agriculture. Iowa ranks first nationally in the production of corn, soybeans, eggs and hogs. The production of high quality, healthful food depends on retaining nutrient rich soil and clean, plentiful water. The state’s economic vitality and its citizens’ quality of life also depend on the quality of air and water, availability of natural areas and habitat, and diversity of wildlife. The protection of these natural resources depends on a steady allocation of money to fund the public employees and programs that are the designated stewards of the state’s environment.

The purpose of this report is to describe how funding for environmental protection has changed over the last decade, state fiscal year 1997 to state fiscal year 2006 (FY97-FY06). The report focuses on the Iowa Department of Natural Resources (DNR) and Iowa’s county conservation boards (CCBs). The report does not include analysis of funding for the Division of Soil Conservation, which provides leadership in protecting Iowa’s soil and water.

In Iowa, the primary statewide organization charged with protecting our environment is the DNR. It takes the lead in protecting natural resources and, as stated in the Code of Iowa, is responsible for maintaining “state parks and forests, protecting the environment, and managing energy, fish, wildlife, and land and water resources in this state.” The report reviews the DNR’s primary funding sources, but looks in particular at the Groundwater Protection Fund (GPF), the Resource Enhancement and Protection (REAP) Fund and the Environment First Fund (EFF). These funds are discussed in more detail because they are Iowa’s landmark environmental funds.

In addition, much environmental work is done at the county level by county conservation boards. Every county has a conservation board that is directed to “encourage the orderly development and conservation of natural resources … and to educate local residents about the natural world in which we live.”

* Please note that all dollars in this report, unless otherwise indicated, are adjusted for inflation using the Bureau of Economic Analysis’s Index for State and Local Government Consumption Expenditures and presented as FY06 dollars. Using constant dollars reveals trends in actual purchasing power. Also note all the years listed in the graphs and tables are state fiscal years.

Department of Natural Resources (DNR)

As previously stated, the DNR is Iowa’s primary environmental organization responsible for maintaining and protecting the state’s natural resources. The DNR is divided into three divisions: Conservation and Recreation, Environmental Services and Management Services. The Conservation and Recreation Division is responsible for maintaining public land; surveying, studying and restoring fish
and wildlife; and providing technical assistance and management for prairie, forest, and parks and recreation areas. The Environmental Services Division manages water and air protection programs, helps improve energy efficiency, promotes renewable energy, and collects and provides information on Iowa’s mineral and water resources. The Management Service Division manages the Department’s budget and land purchases, oversees volunteers and provides information technology services.

The DNR relies on a variety of revenue sources. In fact, it has over 300 sources of income. This section reviews the entire DNR budget, provides descriptions of each of the primary funding sources and reviews the number of DNR employees over the period.

The DNR’s total inflation-adjusted spending from all funding sources ranged between $133.6 million and $159.7 million dollars over the decade (see Figure 1). Spending increased until it reached a high point in FY02. Since then, spending declined in FY03 and FY04 and increased in FY05 and FY06 but none of these years were at mid-study period levels.

![Figure 1. DNR Operations and Capitals & Special Purposes Expenditures](image)

Table 1 also shows total DNR operations and capitals and special purposes expenditures, but also includes the amount contributed by each of the primary funding sources which are individually described in the following paragraphs.

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<th>Fund</th>
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<th>99</th>
<th>00</th>
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<th>03</th>
<th>04</th>
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<td>12.62</td>
<td>12.44</td>
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<td><strong>TOTAL</strong></td>
<td>133.57</td>
<td>139.09</td>
<td>151.47</td>
<td>150.37</td>
<td>158.49</td>
<td>159.70</td>
<td>142.93</td>
<td>141.99</td>
<td>147.58</td>
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</tbody>
</table>
Fish and Wildlife Trust Fund
The Fish and Wildlife Trust Fund receives its revenues primarily from hunting, fishing and trapping licenses and fees. A 1996 constitutional amendment prevents lawmakers from using this revenue for anything other than habitat improvements. These licenses and fees consistently made up the largest part, an average of 20.5 percent, of the DNR’s budget over the decade.

Federal Funds
Federal funds include a variety of federal sources used for a variety of programs. Federal funds have come to play a much bigger role in the DNR’s budget. DNR expenditures from federal funds have ranged between $23.08 million and $37.35 million. The percent of DNR expenditures that come from federal funds has increased from 18 percent in FY97 to 25 percent in FY06.

General Fund
The general fund includes revenues from taxes, fees, interest earnings and other sources that can be used for the general operation of Iowa’s state government. State legislators and the governor are responsible for determining how these funds are distributed to the DNR. Money from the state’s general fund is particularly important to the DNR because it is the most flexible revenue it receives and can be used for a variety of purposes. On average, 13 percent of the DNR’s operations and capitals and special purpose budget came from the state’s general fund over the decade.

Iowa’s total general fund appropriations ranged between $4.88 billion and $6.12 billion over the period FY97 to FY06. Total state general fund appropriations fell in FY02 by $467 million and continued to fall every year thereafter with the exception of a small increase in FY06. This reduction in spending was due to a drop in revenues caused by tax cuts passed in the late 1990s and the economic downturn in 2001.

General fund appropriations to the DNR ranged between $17.59 million and $34.96 million annually, with a significant decrease beginning in FY00 (see Figure 2). That decrease was due to the fact that funding for REAP was no longer appropriated through the general fund. In other words, there was not a decrease in funding directly for DNR operations in FY00, but there was a big reduction in general fund money appropriated for Iowa’s environment. General fund appropriations directly for the DNR did experience a significant drop in FY02 and FY03 (their lowest level) and although they increased slightly in FY04, funding in the last four years was significantly lower than it was during any of other years in the study period.

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1 Five reports from the Iowa Fiscal Partnership illustrate how Iowa and other states responded to the fiscal crisis following the 2001 national recession. A summary of the series was published in February 2005 as *Our Vanishing Budgets: Iowa’s Response to the Fiscal Crisis in the States*. All of the reports and the summary are available at www.iowapolicyproject.org.
The DNR has always received a very small portion of total general fund appropriations (see Figure 3). When REAP dollars were appropriated through the general fund, the DNR received between 0.56 percent and 0.58 percent of total state general fund appropriations. In the subsequent years, the DNR received between 0.33 percent and 0.39 percent of general fund appropriations, with the low point being FY03. During FY04, FY05 and FY06 general fund appropriations to the DNR have consistently been only 0.36 or 0.37 percent of total state general fund appropriations.

Groundwater Protection Fund (GPF)

The GPF was created with the Groundwater Protection Act in 1987. The intent of the Act “is to prevent contamination of groundwater from point and nonpoint sources of contamination to the maximum extent practical, and if necessary to restore the groundwater to a potable state, regardless of present condition, use, or characteristics.”

The fund is administered by the DNR. Within the GPF there are four accounts:
- Solid Waste Account – Funded with tonnage fees collected at sanitary landfills.
– Agricultural Management Account – Revenue received from fees paid on the purchase of nitrogen-based fertilizer, license fees paid by pesticide dealers and registration fees for the sale of pesticides.

– Household Hazardous Waste Account – Funded by the permit fees paid by retailers selling products containing household hazardous waste materials and from penalties for violations involving hazardous waste, air pollution, well contactor certification and underground storage tanks.

– Storage Tank Management Account – Revenue received from the annual management fee paid by owners and operators of underground petroleum storage tanks existing on or before July 1, 1985.9

Due to inflation the GPF experienced a decrease in revenues and expenditures over the study period (see Figure 4). The fund’s highest revenue year was FY97 when it received $17.51 million; its lowest year was FY06 when it received $12.27 million. The notable change in the GPF occurred during the state’s fiscal crisis. During the beginning of the study period, the GPF carried large amounts of obligated but unexpended money from year to year. During FY01, FY02 and FY03 most of these dollars, a total of $9.25 million (unadjusted dollars), were used for purposes other than protecting Iowa’s groundwater. The GPF’s fee-derived funds were transferred and used to balance the state’s general fund. Thus, if the groundwater program were to end today, there would be over $9 million in contracts without funding to complete.

![Figure 4. Groundwater Protection Fund](image)

**Resource Enhancement and Protection (REAP)**

REAP was created in 1989 by the Iowa Legislature with the goal, as the name suggests, of enhancing and protecting Iowa’s resources. Specifically the program was intended to make “a long-term integrated effort to wisely use and protect Iowa's natural resources through the acquisition and management of public lands; the upgrading of public park and preserve facilities; environmental education, monitoring, and research; and other environmentally sound means.” The law further states, “The resource enhancement program shall strongly encourage Iowans to develop a conservation ethic, and to make necessary changes in our activities to develop and preserve a rich and diverse natural environment.”11
When created, REAP was authorized to receive $30 million annually. In 1996 the Legislature changed the maximum authorization to $20 million and extended the program to 2021. The program is administered by the DNR, and the funds are divided by the following formula every year: the first $350,000 is spent on environmental education, 1 percent of the balance is used for administration of the program and the remaining dollars are divided as shown in Figure 5.

There are three sources of revenue for the REAP program: funds allocated by the Legislature, interest that accrues on balances in the fund and fees collected from the sales of specially designed Iowa natural resources license plates. REAP funds were originally allocated by the Legislature from the general fund (see Figure 6). Starting in FY00, funding was allocated from racing and gaming revenue, first through the Rebuild Iowa Infrastructure Fund (RIIF) and from FY01 on, from EFF, which receives its funds from RIIF.

The high point for REAP funding was FY91 when it received $20 million (unadjusted dollars). Over the last decade, REAP was often funded to just over half of the maximum level and in FY02 and FY03, REAP suffered a severe cut. Included in the FY03 cut was the elimination of the program for acquisition of conservation lands (a $1.7 million cut, in unadjusted dollars) meaning there are fewer opportunities for the state to work with other organizations to purchase or improve conservation lands. FY06 appropriations remained below all previous years’ levels, with the exception of FY02 and FY03.
Environmental First Fund (EFF)

EFF was established in 2000 by the General Assembly “for the protection, conservation, enhancement, or improvement of natural resources or the environment.”

Although most of EFF is used to fund the DNR (an average of 58 percent of the Fund’s expenditures), it also funds the Department of Agriculture (38 percent) and the Department of Economic Development (3 percent).

The fund was given a standing appropriation of $35 million from RIIF, which is funded with racing and gaming receipts. In its first three years, EFF did not receive the full $35 million, but it has been fully funded between FY04 and FY06 (see Figure 7). In FY02, during the state’s fiscal crisis, $10 million (unadjusted) was transferred out of EFF to pay for general fund activities. In FY03, EFF was shorted again when $18.5 million (unadjusted) was diverted to pay for general fund activities. Later that same year, the Iowa Supreme Court ruled it unconstitutional to tax racetrack casinos at a higher rate than riverboat casinos. This decision meant a $38 million decrease in RIIF dollars and support for EFF nearly vanished. The Legislature passed a bill transferring $16.6 million (unadjusted) from the Cash Reserve Fund to EFF to help compensate for this loss, but funding for EFF in FY03 was only $19.19 million.

Air Title V Funds

The Air Title V funds receive revenue from fees on regulated air pollution emitted from every major stationary source in the state. The dollars are to be used to support air quality programs. These funds make up on average 5.26 percent of the DNR’s total expenditures.

Tobacco Settlement Funds

The tobacco settlement funds include revenue from the settlement of a case against tobacco companies that was available to many states. The funds are to be used for qualified capital projects that include expenditures for depreciable assets such as construction and renovation of facilities and equipment purchases. Tobacco funds account for on average 3.43 percent of the DNR’s total expenditures.

Marine Fuel Tax Fund

The Marine Fuel Tax (MFT) Fund includes revenues generated from a state tax on marine fuel. These dollars are used to fund projects that include the acquisition or development of public recreational boating access to Iowa waters. The MFT fund, which has been $2.3 million (unadjusted dollars) in recent years, is currently in the budget of EFF. This means EFF has not been fully funded to $35 million.
with racing and gaming receipts, as mandated by the Legislature. Because MFT funds are restricted to boating access and safety applications, only $32.7 million are available for other conservation projects and programs. If MFT was a stand alone item, as it was in the past, and not part of the EFF budget, the full $35 million from racing and gaming receipts would be available for EFF projects.

**Waste Tire Fund**

The Waste Tire Fund receives revenue from a $5 fee on transferring the title of a motor vehicle. The dollars are intended to be used to cleanup discarded tires. In FY02 the Legislature transferred $3 million and in FY03, $1.6 million (both unadjusted amounts) from the waste tire fund to balance the state’s general fund.

**Water Protection Fund**

The Water Protection Fund receives revenues from fees and money appropriated by the Legislature to be used to protect Iowa’s water resources.

**Oil Overcharge Funds**

The revenue for oil overcharge funds comes from a multi-state settlement of cases alleging that oil companies overcharged customers during the 1970s when there were federal price controls on oil products. These funds may be used for weatherization of state buildings, energy conservation efforts and energy assistance to low-income people.

**Other Fees**

DNR collects fees for several other things in addition to the many programs already mentioned, including campsite use, boat licenses and snowmobile and all terrain vehicle trail use. In FY02 the Legislature used $1 million in the Snowmobile Fund and $800,000 (both unadjusted dollars) in the All Terrain Vehicle Fund to pay for Medicaid.

**Employees**

Another way to understand Iowa’s investment in natural resources is to track how many employees the DNR had on staff. In 2004, the DNR had 1,035 full-time employees, 855 of whom were permanent staff. Sixty percent of DNR employees were housed in field offices and the majority of the rest worked in Des Moines. DNR employees perform a wide variety of tasks. They ensure Iowans have safe drinking water; teach hunter safety courses and ensure people are not hunting or fishing without licenses; monitor swimming beaches for health threats; grow trees and shrubs in the state nursery; maintain Iowa’s 84 state parks and 450 wildlife areas where Iowans picnic, hike and camp; raise fish to stock Iowa’s waters; issue air and water pollution discharge permits; help landowners manage forest and prairie on their property; and catalog the state’s natural resources.

From FY97 to FY06, the DNR saw a net increase of 94 full-time equivalent (FTE) employees (see Figure 8). This increase occurred fairly steadily over the period with exceptions during FY02 and FY03 when FTE numbers dropped sharply. Between FY97 and FY05 the DNR accounted for between 2.0 and 2.7 percent of the state’s total FTEs.
In addition to staff employed by the state, the DNR began using contract workers in FY00. Merit Resources Inc., the company that provides the majority of DNR contract workers, assigned between 36 and 104 employees to the DNR each year between FY00 and FY05. Because the number of hours worked by each Merit employee and the number of contract workers provided by other staffing agencies were unavailable, it is unclear how the use of contract workers has affected the number of FTE employees or how many individuals (employees and contract workers) worked full-time for the DNR in the years since FY99.

**DNR Summary**

The DNR operations and capitals and special purposes budget was significantly lower in FY03, FY04, FY05 and FY06 than it was in FY99, FY00, FY01 and FY02. There have also been clear trends in the DNR’s primary funds (see Figure 9).

The largest portion of the DNR’s revenue came from fees, accounting for between 43 percent and 51 percent of the budget over 10 years, and so a portion of the DNR’s budget is self sustaining. However, during the Iowa’s fiscal crisis, some fee programs were raided to pay for other state government expenses.
At the beginning of the study period, the state general fund was the second most important source of money. In FY97, FY98 and FY99 the general fund was funding REAP, which is administered by the DNR. When the source of REAP funding was switched to racing and gaming receipts, general fund support for Iowa’s natural resources fell, however, at that time, general fund support directly for the DNR remained steady. However, in FY03, FY04, FY05 and FY06, general fund support for the DNR was significantly lower. Reduced general fund support means the DNR has less flexibility in its spending.

Since FY00, federal funds have consistently been a larger source of revenue than the general fund. And federal money is a growing percentage of the DNR’s expenditures, because the state has been more effective in leveraging federal dollars. In FY05 and FY06 federal funds accounted for 25 percent of the DNR’s expenditures, the largest percentage of the study period. Unfortunately, federal dollars may not be stable and in fact, federal money was cut over the period. For example, the federal money provided to the DNR to administer the state’s energy office was cut by 20 percent in FY06. Federal support will likely be cut again, even as the need for energy efficiency and renewable energy is growing and gaining public support. Iowa’s state energy program has educated people about energy efficiency, provided technical assistance in installing energy efficient or renewable energy technology, helped public entities obtain financing for energy upgrades, assisted Iowans applying for federal grants and helped state buildings and transportation fleets decrease their energy usage.

Additionally, since FY02, in every year but one, racing and gaming receipts have comprised a larger percentage of the DNR’s budget than the general fund. Although the state has rapidly increased the number of casinos allowed in recent years, this trend may not continue since it is possible public sentiment toward gambling will change. Further, these dollars, too, can be unstable. During the state’s fiscal crisis in FY02, a significant portion of the racing and gaming dollars were transferred out of EFF, a primary funding source, and due to legal issues, the majority of the dollars were deappropriated from the Fund in FY03 to pay for other state expenses.

A small but significant source of money for the DNR came from one-time sources such as settlements against the tobacco and oil industries. One time sources accounted for 1.23 percent to 8.36 percent of the DNR’s budget during the study period. These funds will eventually run out of money, (in fact, the oil overcharge funds are nearly exhausted) leaving a hole in the state budget and in the DNR budget in particular. While new one-time sources may come along, stable funding is required to meet the long-term challenges of protecting and enhancing Iowa’s environment.

Despite an overall decrease in the DNR’s expenditures and a shift towards less reliable funding sources, DNR employee numbers increased over the period. Although, during the fiscal crisis in FY02, the DNR lost 38 FTEs (a 3.7 percent reduction, the largest one year change). Its FTE total did not rebound until FY04.

As this review shows, during Iowa’s fiscal crisis, in particular, legislators set the precedent for taking money from some of the DNR’s primary funds and using it for unrelated purposes. A total of $22.8 million in FY02 and $47.5 million in FY03 (unadjusted dollars) were transferred from environmental funds (not just DNR funds) to the state’s general fund (see Table 2). In addition, during those same years, money in environmental funds was sometimes spent on unrelated purposes. For example, in FY02 $1 million in the Snowmobile Fund and $0.8 million (both unadjusted dollars) in the All Terrain Vehicle Fund were used to pay for Medicaid. Environmental protection and enhancement is long-term work and, therefore, requires long-term, steady funding.
Table 2. Revenue Transferred to the General Fund (In Millions of Unadjusted Dollars)\textsuperscript{20}

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<td><strong>TOTAL</strong></td>
<td><strong>$22.8</strong></td>
<td><strong>$47.5</strong></td>
</tr>
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County Conservation Boards (CCB)

“Conservation boards are local natural resource management and outdoor recreation agencies whose responsibilities are the following: to acquire, develop, maintain, and make available public museums, parks, preserves, parkways, playgrounds, recreation centers, forests, wildlife and other conservation areas, to encourage the orderly development and conservation of natural resources and to provide adequate programs of public recreation. Conservation boards also help educate local residents about the natural world in which we live, and administer roadside vegetation management programs. County conservation boards have been created in all of Iowa's 99 counties.”\textsuperscript{21}

Recent budget trends at three CCBs were analyzed in order to draw a picture of the financial situation at these organizations. The three CCBs represent different geographic areas, population bases and population growth rates (see Figure 10). Johnson County, located in east central Iowa, is the fifth-largest county and gained population at the sixth-fastest rate in the state (5.2 percent from 2000 to 2005). Hamilton County is located in center of the state and is the 48\textsuperscript{th} largest county. Its population has remained fairly even, declining only 1.3 percent from 2000 to 2005 (48\textsuperscript{th} in the state in terms of population loss). Adams County in southwest Iowa is the least populated county and experienced a 4.8 percent decline in its population from 2000 to 2005 (the 10\textsuperscript{th} largest loss).

**Figure 10. Select County Conservation Boards**\textsuperscript{22}

Johnson County Conservation Board (JCCB)

The Johnson County Conservation Board (JCCB) manages over 1,450 acres and provides many environmental education opportunities. JCCB receives funding from three sources. One source is the county’s general fund, which is revenue from the county’s property tax collection. A second source is REAP apportionments. REAP money is appropriated to all CCBs in three ways: 30 percent is divided
evenly among the 99 counties, 30 percent is given to each of the counties based on their population, and the remaining 40 percent is available to counties through a competitive grant process. The grant and population apportionments are only available to counties that spend at least 2.2 percent of the assessed value of taxable property in the county for conservation purposes. The JCCB’s third revenue source is its conservation trust account which includes revenue from camping, beach receipts, building rentals, firewood sales, grants, donations and other funds obtained for use for land acquisition or capital improvement. This money stays in the JCCB’s account (it does not go into the county’s general fund) and can only be spent for conservation activities.

JCCB’s budget stayed fairly consistent over the decade, ranging between $1.03 million and $1.34 million (see Figure 11). From FY97 to FY06 its budget increased $143,326. The county general fund accounted for the largest share of its budget, an average of 86 percent. The conservation trust account averaged 11 percent of the budget.

![Figure 11. Johnson County Conservation Board Budget](image)

Johnson County’s total expenditures ranged from $53.13 to $60.86 million annually between FY02 and FY06. Funding for JCCB represented between 1.66 and 1.92 percent of these expenditures. Every year the director of JCCB must present the county board of supervisors with a budget request to receive a portion of the county’s property tax income.

According to Director Harry Graves, the JCCB is slated for a 14.8 percent increase the county general fund dollars it receives in FY07. However, Graves observed the JCCB budget will still be behind because of the equipment and infrastructure it has needed to update for years. He also noted the need for increased support in order for conservation to keep pace with the rapid development in the county.

Over the decade, the number of FTEs employed by JCCB increased by one to 13 in FY05. This marked the first staff addition in 18 years.

Even as JCCB’s budget and number of FTEs increased modestly over the decade, responsibilities have also increased because of acquisition of new land and more intensive management of existing property. In the last decade JCCB has purchased 42 more acres, constructed five new wetlands, three new ponds, reconstructed 80 acres of prairie, expended extensive effort on invasive species control and improved campsites and boat ramps.
Hamilton County Conservation Board (HCCB)
The Hamilton County Conservation Board (HCCB) manages over 1,500 acres of natural resources areas, parks, canoe accesses and a golf course. HCCB separates its sources of revenue into three categories: county general fund appropriations; fees, sales and grants; and REAP apportionments.

The HCCB budget, which has ranged from $840,000 to $1.47 million during the decade, significantly decreased over the period, falling by a net $452,877 from FY97 to FY06 (see Figure 12). Fees, sales and grants account for the largest share of the budget, an average of 69 percent; the general fund has accounted for, on average, 30 percent.

The number of FTEs at HCCB also decreased over the decade, ranging from a high of 22 in FY98 to a low of 14 in FY06. HCCB had to cut staff because of its reduced revenue.

Like JCCB, HCCB retains fees and sales revenue for its own budget. Each year the director projects what the Board will receive in fees and sales – a calculation that can be difficult because of the variability of recreation based on weather – and then asks the board of supervisors for tax revenue to fill the majority of its remaining needs.

Although HCCB has been hit very hard with budget and staff cuts over the decade, it has not seen a decrease in responsibilities. In fact, HCCB employees are managing a few more acres than they were at the beginning of the period.

Hamilton County has seen a decrease in tax revenues as the county is slowly losing population and businesses – yet conservation board employees are facing increased responsibility as the staff decreases because of funding cuts. The County is obligated to first fund its mandated services, and because the Conservation Board is not a mandated service, it has seen particularly severe cuts.

Adams County Conservation Board (ACCB)
Adams County is the smallest county in the state, but the Adams County Conservation Board (ACCB) manages one of the largest recreation areas, Lake Icaria. In total, ACCB is responsible for 2,100 acres
(although, a portion of the responsibility for Lake Icaria is shared with the DNR). The revenue for this and other ACCB operations comes from three sources: county general fund; fees, sales and grants; and REAP appropriations.

The ACCB budget increased from FY97 to FY03, but has declined significantly since, nearly returning the budget to its FY97 level (see Figure 13). The FY06 budget was only $10,392 higher than the FY97 level. Over the last decade, fees, sales and grants have accounted for an average of 54 percent of the budget and county general fund for 43 percent. (The increase in general fund appropriations and decreases in sales and fees in FY05 and FY06 were due to a major lake restoration project that required capital financing and temporarily restricted access to Lake Icaria for recreation.)

ACCB employees increased from 2.5 to 3 FTEs during the study period. Its staff and budget are markedly smaller than those in Johnson or Hamilton counties, and yet it manages similar amounts of land.

Unlike JCCB and HCCB, the fees and sales generated by ACCB are not reserved for ACCB budget. Instead, this money goes to the county’s general fund, and then ACCB presents the county supervisors with a budget, which the supervisors can amend. The supervisors appropriate the necessary general fund money, and at the end of the year they subtract from it the revenue ACCB earned in fees, sales and grants.

ACCB Director Dan Carl noted that although fees and sales make the budget float, the conservation board would not have been able to complete any of its major projects over recent years without REAP money. He also observed that because the REAP apportionment is partly based on population, Adams County’s apportionment is smaller than that of any other county.

Although ACCB has seen modest increases in budget and FTEs, its responsibilities have also increased over the decade. ACCB has added 179 acres, and Director Carl noted an increase in his duties, particularly related to grant application and reporting obligations. Further, he said, park users expect more modern facilities, yet do not want an increase in fees.


**CCB Summary**

Two of the CCBs studied had modest increases in staff and budget, while one had a significant decrease in staff and budget. However, all three assumed increased responsibilities over the decade. CCBs face the challenge of doing more with less or at best slightly increased resources; at the same time, statewide they are on the cusp of a large turnover in veteran staff.

**Conclusion**

In 2001, the most recent survey by the Environmental Council of the States, Iowa ranked 48th among the states in terms of spending on the environment and natural resources. An analysis of U.S. Census Bureau’s fiscal year 2004 data places Iowa 38th in the percent of state and local expenditures spent on the environment. This lack of investment is reflected in our state’s severe water-quality problems and lack of public land (Iowa ranked second to last on this measure). Yet, many Iowans enjoy spending time in the outdoors. Some of Iowans’ favorite activities include wildlife viewing (44 percent participated in the last two years), using trails for physical activity (41 percent), hiking (32 percent), fishing from shore (27 percent), and camping in a tent (17 percent). Not only do many people need access to the outdoors for their physical and mental health, recreation is good for the state economy. The economy depends on having clean water and air, fertile soil and maintained public land. When Iowa’s environment is under funded, the state’s economic potential is hampered.

The two parts of Iowa’s environmental budget analyzed here – the DNR and three representative county conservation boards – have experienced funding decreases or minimal increases coupled with increased responsibilities. Further, during the fiscal crisis, the state took money from its environmental funds and used them for other purposes. Changes to less secure funding sources have also made environmental protection vulnerable to future funding cuts. These actions indicate that, overall, the state’s environment has not been treated as a vital part of the budget. Under these conditions, it is difficult to expect the state’s environment to improve.

**Policy Recommendations**

In order to protect Iowa’s environment and manage our natural resources effectively, several policy changes could be made. Some of these recommendations apply to DNR, some to the environmental funds and some to CCBs.

1. Shift funding for the DNR, REAP and EFF to stable and diverse funding sources. To ensure stability, the state needs to establish a dedicated source of funding. Just as diversity is a sign of a healthy ecosystem, a variety of reliable funding sources can help Iowa’s environmental budget survive the state’s future lean budget years.

2. In 1996, a constitutional amendment was passed that mandated hunting and fishing license fees only be used for habitat improvements. During the 2001 fiscal crisis several other fee-based funds were used for purposes besides environmental protection. The state should ensure that in the future, environmental fee revenue is only used for the purpose it was collected.

3. Fully fund REAP. Over the decade it has only been funded at a little more than half of its maximum level.
4. Remove the $2.3 million Marine Fuel Tax (MFT) fund from the EFF budget and return it to being a stand-alone item. Because it is currently in the EFF budget, the EFF is not funded to its $35 million level with racing and gaming receipts as mandated by the Legislature. Instead a portion of the EFF budget comes from the MFT fund, which is restricted in its application to boating access and safety projects. Thus, money for other EFF conservation projects and programs has been limited to $32.7 million.

5. Provide support for the Iowa Trust for Local Conservation. This nonprofit was established to raise money to provide support, research and training for CCBs and increase public awareness of the services provided by CCBs. There will soon be a large turnover in CCB employees, and there is a particular need for an organization that is capable of assisting CCBs as they go through this transition to assure conservation efforts are not compromised.

6. To ensure comprehensive environmental protection, increase cooperation between state environmental agencies and CCBs. Natural resources do not follow the straight governmental boundaries; therefore cooperation is required to care for Iowa’s environment and do things like improve a river’s water quality, build a trail or protect a valuable natural area.

7. As proposed in a bill introduced in the Iowa House last session (HF2322), dedicate a part of Iowa’s sales tax revenues to conservation. Iowa’s neighbor to the south, Missouri, has been doing this since 1976. That state has constitutionally protected a one-eighth percent sales tax to fund conservation. In 1984, Missouri also designated one-tenth of every penny in sales tax to help fund state parks and reduce soil erosion. This August, 70 percent of Missourians voted for the fourth time to renew this second measure. The two previous times it passed with two-thirds voter support. However, increasing the sales tax is not recommended, because the sales tax disproportionately impacts lower-income Iowans and any increase would exacerbate this problem.

8. Change state law so out-of-state farm landowners do not receive the agricultural land property tax exemption if they do not pay Iowa income taxes, and use this unspent money to fund conservation. In FY05, the state paid $34.61 million to agricultural property landowners. As of 2002, 19 percent of Iowa’s farmland was owned by non-Iowa residents. Information on the number of out-of-state landowners who do not pay Iowa income tax and yet receive this property tax exemption is not available. However, it likely occurs with some regularity and will increasingly occur as Iowa’s farmers age and transfer land to out-of-state heirs.  

9. Expand Iowa’s outdated bottle deposit to include all types of beverage bottles and increase the deposit that has lost significance with inflation. If the 5¢ deposit had kept pace with inflation, today it would be 15¢. Dedicate the surplus money to fund environmental programs.

10. Iowa has not experienced many water quantity problems. However the number of water intensive industries is expanding. The state could charge a water use fee to fund environmental protection. To encourage water conservation, make the fee progressive so the more water used, the higher the fee.

11. The state should consider new “polluter pays” measures. Such fees could reduce air and water pollution, and, if not, they would ensure those who are contaminating the environment are held accountable for the cost of cleaning it.
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