



## DNR ADMINISTRATION, STATE FUNDS REDUCTION CONCEPTS

NATURAL RESOURCES, AGRICULTURE, & ENVIRONMENTAL QUALITY APPROPRIATIONS SUBCOMMITTEE  
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### ISSUE BRIEF

We have been asked to provide a list of suggestions that could potentially reduce the appropriations from the General Fund to agencies overseen by the Natural Resources, Agriculture, and Environmental Quality Appropriations Subcommittee. This list was intended to be used as a starting point for committee's discussions and potential legislative actions.

We used the assumption that although the agencies overseen by this appropriations subcommittee are generally very efficient, there are additional ways to reduce the state appropriations, while allowing the public to receive the needed services. For example, in some instances a portion of the state funds can be replaced with other funding sources, such as user fees. Also, some of the functions currently performed exclusively by state entities can be done by private companies or other government entities if the statute would allow and if proper oversight be put in place.

We identified the following general categories where such potential state fund reductions could be made. For additional explanations and examples of these categories, please see Appendix A.

1. **User fees:** replace a portion of the General Fund appropriations with user fees.
2. **Increase self-checking and self-reporting:** require a greater portion of the inspections and testing currently done by state employees to be transferred to the regulated industry/public, who may be required to self-report or to hire a third-party for verifications.
3. **Allow competition:** allow private or other government organizations to compete against each other and the state for services currently provided solely by state agencies.
4. **Outsource services:** contract with private or other government entities to take over the services currently provided by state agency.
5. **Eliminate government intervention:** some services can be provided through delegated standards without a formal structure of state government directly involved. This puts the burden on the industry to provide the services while still allowing the state to set the standards.

The tables below list the programs of the following DNR line items and show the funding mix, expenditure categories, and staff and vehicles count by program:

- DNR Administration,
- Building Operations,
- DNR Pass Through,
- ISF – DNR Internal Service Fund,
- Species Protection, and
- Watershed

Most of these line items have only one program.

In the first table, which shows the FY 2019 amounts by funding source (as included in the [Base Budget Bill, H.B. 5](#)), we have assigned in the first column (titled "Possible Action") one or more of above categories to the programs where applicable.

**FY 2019 Base Budget by Program and Funding Mix**

Line	Possible Action	Programs by Line Item	State Funds	Dedicated Credits	Restricted Funds
1		<b>Administration</b>			
2	User fees	Administrative Services	1,023,900		
3	User fees	Executive Director	1,205,200		
4		Lake Commissions	700		78,000
5	User fees	Law Enforcement	221,100		
6	User fees	Public Information Office	222,600		
7		<b>Building Operations</b>			
8	User fees	Building Operations	1,788,800		
9		<b>DNR Pass Through</b>			
10	User fees	DNR Pass Through	808,400		
11		<b>ISF - DNR Internal Service Fund</b>			
12		ISF - DNR Warehouse		808,500	
13		<b>Species Protection</b>			
14	User fees	Species Protection	300	2,450,000	646,700
15		<b>Watershed</b>			
16	User fees	Watershed	1,707,600	500,000	2,002,300

The staff in the Administrative Services, the Executive Director, the Public Information Office, and the DNR Building Operations costs are currently funded exclusively from the General Fund. Since the senior department staff deal with issues in every division and program of the department, it is reasonable to expect that their funding sources should reflect the funding mix of the department, where the General Fund is only 18% of the total. The Legislature may consider replacing a portion of the General Fund with restricted funds.

The General Fund currently is also the only funding source for the DNR Law Enforcement officer. He oversees the law enforcement personnel in DNR, who are primarily employed by the Division of Parks and Recreation and the Division of Wildlife Resources. The General Fund for this position could be offset proportionately by appropriations from the restricted funds of these two divisions.

The DNR Pass Through line item, ISF-DNR Internal Service Fund, Species Protection line item, and Watershed line item are line items with only one program. The ongoing funding in the DNR Pass Through line item is a subsidy for the zoos (Hogle Zoo in Salt Lake City and Willow Park Zoo in Logan). There is no statutory mandate for the state to be funding these organizations. It was estimated that if the Hogle Zoo were to charge each visitor 70 cents more, they will not need the state funds' subsidy.

More than one half of the FY 2019 ongoing appropriation for the Watershed line item is from state funds (\$1.7 million from the General Fund and \$.5 million from the Sales Tax). The state funding for the projects could be replaced by funds from the entities that benefit from the projects, e.g. wildlife.

Though not labeled "General Fund," the majority of the funding for the Species Protection line item (\$2.45 million, Dedicated Credits) is from state funds (Sales Tax). Since the projects mainly benefit specific areas and industries of the state, maybe a portion of the state funds could be offset by contributions from those sources.

***Would the committee like to pursue any of these possibilities and direct staff to get more information?***

The following pages contain details about the expenditures, FTE, and Vehicles counts by program, as well as descriptions for each program, in order to provide a better understanding of what is currently budgeted to be "purchased" with the appropriations for FY 2019 in the Base Budget Bill.

**Expenditures**

Line	Programs in Line Item	Personnel Services	In-state Travel	Out-of-state Travel	Current Expense	DP Current Expense	Pass Thru
1	<b>Administration</b>						
2	Administrative Services	937,000	1,000	1,500	21,200	63,200	
3	Executive Director	900,700	3,500	5,500	444,600	36,700	39,200
4	Lake Commissions	0			0	0	78,700
5	Law Enforcement	152,100	1,900	500	10,800	55,800	
6	Public Information Office	207,000	1,300		9,000	5,300	
7	<b>Building Operations</b>						
8	Building Operations				1,788,800		
9	<b>DNR Pass Through</b>						
10	DNR Pass Through						1,508,400
11	<b>ISF - DNR Internal Service Fund</b>						
12	ISF - DNR Warehouse	129,300			666,700	6,500	2,000
13	<b>Species Protection</b>						
14	Species Protection	361,400	9,800	9,100	2,137,200	9,200	770,300
15	<b>Watershed</b>						
16	Watershed	131,900	1,900	2,700	16,300	2,000	5,055,100

**Staff and Vehicles**

Line		FTE	Vehicles
1	<b>Administration</b>		
2	Administrative Services	12	56
3	Executive Director	6	1
4	Law Enforcement	1	1
5	Public Information Office	2	
6	<b>ISF - DNR Internal Service Fund</b>		
7	ISF - DNR Warehouse	2	
8	<b>Species Protection</b>		
9	Species Protection	3	1
10	<b>Watershed</b>		
11	Watershed	1	

## Programs Descriptions

### Administrative Services

The Administrative Services Program supports the Office of the Executive Director and the seven divisions in the areas of budgeting, accounting, auditing, fleet administration, and warehouse. The purpose of department-level support is to assure uniform policy among divisions and to coordinate actions between divisions.

### Executive Director

Under the direction of the Governor, the Executive Director's Office provides leadership, direction, and policy for the seven operating divisions at the Department of Natural Resources.

### Lake Commissions

The Department of Natural Resources currently provides funding for two commissions: the Bear Lake Commission and the Utah Lake Commission. The Bear Lake Commission has been receiving funding from Utah and Idaho since 1983, with the goal to improve the water quality in Bear Lake, as well as the local watershed. The funding for the Utah Lake Commission started in FY 2008 and is used for planning and coordination of activities on and around Utah Lake.

### Law Enforcement

DNR has a large law enforcement presence, mainly through the Division of Wildlife Resources and Division of Parks and Recreation. The purpose of this departmental law enforcement office is to ensure a high degree of professionalism and training, consistent policy administration, and to review complaints about any law enforcement officers in the department.

### Public Information Office

This program assists the department in understanding the needs of its customers and educates the public regarding the DNR's efforts. It coordinates the production of written materials, department communications, and news media relations.

### Building Operations Line Item

The Department of Natural Resources building at 1594 West North Temple, Salt Lake City, was completed in FY 1996. Prior to that, the divisions were housed in four different locations. The Natural Resources building was financed through a revenue bond, with bond payments roughly equal to the old rent payments. Approximately \$980,000 of this program's funding goes for bond payments, which will be paid off at the end of FY 2019. In addition to the bond payment, this line item provides \$750,000 to DFCM (Division of Facilities Construction and Management) for the operation and maintenance (O&M) on the building and the remaining funds are for the building security.

### DNR Pass Through Line Item

This line item was created to track the appropriations intended for organizations outside of the Department of Natural Resources.

### ISF – DNR Internal Service Fund

This line item provides purchasing services. It buys specialized items used by the DNR divisions (e.g. ranger uniforms). The program stores the articles until requisitioned by the divisions. The ISF provides specific services to multiple agencies, allowing for maximization of service and minimization of costs. Each agency that uses ISF services pays its "fair share" of costs. This is an exception to the Budgetary Procedures Act, which requires that funds not be moved between line items of appropriations.

### Species Protection Line Item

The purpose of the Species Protection line item is to prevent any plant or animal species from being added to the Endangered Species List, and to pursue actions that will allow the delisting of threatened or endangered species in Utah.

### Watershed Line Item

In its efforts to improve Utah's high priority watershed, the Department of Natural Resources partners with other state, federal, and private organizations through the Watershed program.

## Appendix A

- 1. User fees:** replace a portion or all the General Fund appropriations with user fees. This will allow the state entity to continue the same level of services and staffing, while reducing the general tax dollars. It may or may not mean increasing fees to generate more revenue with which to replace the General Fund. An example of this is the Division of Parks and Recreation shifting the majority of its funding from the General Fund to parks visitors' fees.
- 2. Increase self-checking and self-reporting:** require a greater portion of the inspections and testing currently done by state employees to be transferred to the regulated industry/public, who may be required to self-report or to hire a third-party for verifications. This would potentially reduce the workload of the state agency, which would result in reduction in state staff and travel expenses. This could be similar to reporting and paying income taxes. The individual or corporation self-reports, with the understanding that reports are enforced through audits. Another example of this is the elimination of the state-mandated vehicle safety inspections for vehicle registration.
- 3. Allow competition:** allow private or other government organizations to compete against each other and the state for services currently provided solely by state agencies. Competition could breed innovation and increase the quality of services and/or reduce the costs to the industry/public paying for the services. An example of this is the Organic certification process.
- 4. Outsource services:** contract with private or other government entities for the services currently provided by state agency. Initially, the costs may remain the same, but it could be reduced over time, as competition to provide the services increases. Many services in state government are provided through contracting, and perhaps more could be. Examples of this is UDOT and road construction and This Is The Place Foundation managing the heritage park.
- 5. Eliminate government intervention:** some services can be provided through delegated standards without being a formal structure of state government. This puts the burden on the industry to provide the services while still allowing the state to set the standards. An example of this is industry certifications and industry standards, such as the Certified Public Accountant (CPA) and the Governmental Accounting Standards Board (GASB).