OVERSIGHT HEARING ON FEDERAL VS. STATE MANAGEMENT OF PARKS

OVERSIGHT HEARING

BEFORE THE

SUBCOMMITTEE ON NATIONAL PARKS AND PUBLIC LANDS

OF THE

COMMITTEE ON RESOURCES
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTH CONGRESS

FIRST SESSION

JULY 10, 1997, WASHINGTON, DC

Serial No. 105–43

Printed for the use of the Committee on Resources

U.S. GOVERNMENT PRINTING OFFICE

45–042 CC WASHINGTON : 1997

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OVERSIGHT HEARING ON FEDERAL VS. STATE MANAGEMENT OF PARKS

THURSDAY, JULY 10, 1997

HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON NATIONAL PARKS AND PUBLIC LANDS, COMMITTEE ON RESOURCES, *Washington, DC.*

The Subcommittee met, pursuant to call, at 10 a.m., Room 1324, Longworth House Office Building, Hon. James V. Hansen, Chairman, presiding.

STATEMENT OF HON. JAMES V. HANSEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF UTAH

Mr. HANSEN. Good morning. The Subcommittee on National Parks and Public Lands will come to order. I have scheduled this hearing as a continuation of this Subcommittee's longstanding interest in the issue of recreational fees on Federal lands, especially in the National Park System.

This issue has been a major concern for the Congress for the past 10 years. And this subcommittee, as well as the Committee on Resources, have worked closely with the Budget Committee and the Appropriations Committee to ensure that the American public has the opportunity to enjoy the federally managed lands by paying fair and reasonable recreation fees.

During 1996, Congress authorized a Recreational Fee Demonstration Program providing the Federal land management agencies far-reaching discretion in creating recreation fee programs during the next 3 years. This Fee Demonstration Program allows the agencies to retain 80 percent of the revenue collected in excess of the amount collected in 1995, with 20 percent returning to the General Treasury.

Currently, language contained in the fiscal year 1998 Interior Appropriations bill would allow the agencies to retain 80 percent of the revenue in the unit collecting the fee, and the remaining 20 percent to the Federal land management agency. This subcommittee will continue to oversight the progress of this Recreation Fee Demonstration Program. And today's hearing will add valuable insight into the future success of National Park Service recreation fee program.

As in many instances, the States are in the forefront of implementing new and creative solutions to old problems. Today, we will hear detailed and interesting testimony concerning how States are addressing the issue of tight fiscal constraints in park budgets by moving from general tax support to user fees to operate and maintain their State parks.

Although I do not believe that the National Park System should ever reach total self-sufficiency in its operation budget, I do believe that there are many comparisons that can be made from the success of the States in operating and maintaining their parks.

I welcome Mr. Don Leal, Senior Associate of the Political Economy Research Center, Bozeman, Montana, who will present findings from his recently published policy paper entitled, "Back to the Future to Save Our Parks." I believe that many of us will be surprised to learn that 16 State park systems currently obtain more than one-half of their operating costs from recreation fees, and that many others are heading in that direction.

Furthermore, I believe that this paper demonstrates that if fees are reasonable and the public is informed that their fees are utilized in the park where collected, there is broad-based support for recreation user fees.

I also welcome Kenneth B. Jones, Deputy Director for Park Stewardship, California Department of Parks and Recreation, who will provide testimony on the tremendously successful transition the State of California park system is undertaking to address budgetary and management issues.

The California park system is unique, consisting of 264 parks covering 1.3 million acres, including 11,000 picnic sites, 17,500 campsites, 280 miles of coastline, and 3,000 miles of trails. With over 70 million visitors enjoying this State system each year, it provides a true benchmark by which to measure our efforts on the Federal level.

I will let both of our distinguished panelists make their presentations so that we have their ideas and concepts on the table, and then I will recognize members for their questions. But prior to that, I recognize my good friend and colleague from American Samoa, the Ranking Member of the subcommittee, Mr. Faleomavaega. The gentleman from American Samoa.

[Statement of Mr. Hansen follows:]

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STATEMENT OF HON. ENI FALEOMAVAEGA, A DELEGATE IN CONGRESS FROM THE TERRITORY OF AMERICAN SAMOA

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman. And, Mr. Chairman, I understand one of the focuses of today's hearing will be on a report issued by a private organization known as the Political Economy Research Center, otherwise known as PERC.

The report entitled, "Back to the Future to Save Our Parks," is based on the premise that, to use PERC's own words, popular parks can and should pay their own way. I believe this is a seriously flawed premise. We do not operate our national parks like Walt Disney charging what the market will bear.

Our national parks have value to the Nation whether they are visited by one or 1 million persons. Many members support reasonable fees for visiting national parks with the understanding that the money collected will remain in the parks. As you know, Mr. Chairman, this was the subject of considerable debate in the subcommittee last Congress. The key to fee collection is that is it fair, reasonable, and equitable?

If we were to follow PERC's recommendation, there would have to be a sevenfold increase in what is currently collected. This is not to say there is not room for improvement, and I will certainly approach today's hearing in that light. If there are ways we can ease the financial problems of our parks in a manner that is fair, reasonable, and equitable, then I am certain that we are willing to consider those options.

And, Mr. Chairman, at this time, I would like to welcome our witnesses this morning, and I am looking forward to hearing their testimonies. Thank you, Mr. Chairman.

Mr. HANSEN. Thank you. We are grateful to our panelists for being here. Thanks so much for coming. We will start with you, Mr. Leal, and then Mr. Jones. Is that all right? And, Mr. Leal, as we say in our business, the floor is yours.

STATEMENT OF DONALD R. LEAL, SENIOR ASSOCIATE, POLITICAL ECONOMY RESEARCH CENTER

Mr. LEAL. Thank you, Mr. Chairman. I am here today to present the case for returning our popular national parks to the self-supporting parks they originally were intended to be. It is not widely known, but the intent of our early national parks was that they would be self-supporting parks. Congressional appropriations were to be limited to the Initial investments in roads and visitor facilities.

In 1916, when Congress authorized the creation of the National Park Service, Interior Secretary Franklin Lane appointed Stephen Mather, a successful businessman and millionaire, to run the 14 existing national parks on a self-supporting basis.

In Mather's first report on parks to the Secretary, he states, "It has been your desire that ultimately the revenues of several parks might be sufficient to cover the cost of administration and protection, and that Congress should only be requested to appropriate funds for their improvement. It appears at least five parks have a proven earning capacity sufficiently large to make their operation both feasible and practible." The five parks were Yellowstone, Yosemite, Mount Rainier, Sequoia, and what is now called Kings Canyon-Sequoia National Parks.

Importantly, at this time, park revenues were held in a special account accessible to the Park Service without congressional appropriation. Mather, the Director of the Park Service, considered this important for responsible management because, from the Park Service's perspective, there was a clear link between serving park visitors and having the funds necessary to manage the parks.

Unfortunately, Congress took control of all financing for parks in 1918 by requiring that all park fees be returned to the Federal Treasury, and this critical link between serving visitors and generating funds for managing the parks was broken. With revenues going to the Treasury and the lion's share of the funding coming from tax dollars, the Park Service has had little economic incentive to serve park visitors.

Moreover, park budgets have become political footballs. Raising money via allocations from the Treasury has been a matter of first denying customer service or letting park facilities run down in order to provide the necessary political impetus to free up more money for parks.

I can give you a great illustration of the political problems in our financing. The Superintendent of Yellowstone Park last year announced the closing of two museums in a popular campground called Norris Campground in order to save $70,000, the cost in operating these facilities. And he was right. He would save $70,000 in operating costs.

But the problem was those three facilities or, excuse me, just the campground alone generated $114,000. In other words, revenue from that operation alone actually surpassed the costs of operating the three facilities. From the Superintendent's perspective, he didn't see the revenue. It all went to the Federal Treasury. So it was rational for him to try to save money by closing the popular campground and the two museums.

Contrary to the view that tax-supported parks guarantees long-term protection, our national parks have suffered from poor incentives to maintain themselves. The Park Service says it has a $4.5 billion backlog of construction improvements and a $800 million backlog of major maintenance.

Are we to assume that our parks have fallen victim to a budget-conscious Congress? The evidence says no. From 1980 to 1995, the total budget of the Park Service nearly doubled from almost $700 million to $1.3 billion. Spending on operation, which includes staffing and wage increases, grew at a healthy inflation-adjusted annual rate of 3.1 percent, and full-time staff increased from 15,836 to 17,216 employees, more than enough to handle visitation which grew by less than 1.5 percent per year. While spending on the agency itself increased, spending for major park repairs and renovations fell at an inflation-adjusted annual rate of 1.5 percent.

The healthy increase in annual operating expenses has not led to better service in Yellowstone, Yosemite, and other popular parks. According to a recent Consumer's Report survey, the two most frequent complaints were crowded conditions and the lack of adequate visitor servcies. This sad state of affairs is brought about because most of the money to support parks is not earned from park visitors.

States, however, are showing us that as tax support for their parks declined, State park agencies generated more revenue from users. Spurred by nearly a 41 percent decline in real terms in general tax support for all State parks in the country, user fees collected at all State parks went from $182 million in 1980 or about 17 percent of the total State park spending, to $513 million in 1994 or one-third of total park spending.

In contrast, the Park Service collected $94 million representing about 7 percent of total spending by the agency. Like national parks, State parks have increased fees, but they have also raised revenue by being innovative in creating more services for park visitors.

Moreover, a number of State park systems are showing us that the idea of self-supporting parks, at least operationally, is a feasible goal when heavy reliance on tax support for park operations is no longer a viable option. Faced with dramatic declines in general tax support, 16 State park systems now regularly obtain more than half of their operating costs from user fees.

New Hampshire State Park System funds its entire $5 million operating budget out of entrance and camping fees, not out of condos or golf courses, but from just entrance and camping fees. In 1991, in the midst of a growing general fund crisis, the legislature required the park system to rely solely on park-generated revenue.

Park revenue has actually exceeded operating expenditure for three consecutive years prior to passage of the Act, but park receipts have been handed over to the State treasury. The 1991 Act let receipts flow into a park fund that carries over unspent park moneys from year to year. This encourages self-sufficiency because park officials know that they have a reliable source of money dedicated to parks over the long-term.

Texas is another great example of a State that is weaning itself from public funding. In the early 1980's, the Texas State Park System got almost 60 percent of its operating funding from general State taxes. It now gets 67 percent of its operating funding from user fees.

It has also devised institutional reforms to raise revenue and save money. The Texas park management developed the entrepreneurial budget system. This innovative, market based financing system rewards individual parks with larger operating budgets if they surpass their revenue or cost savings targets for the year.

With financial self-sufficiency as a goal, we can expect better service and greater efficiencies in running our parks. Comparing adjacent State and national parks in Texas, California, and South Dakota where the attractions and the natural amenities are about the same and the market areas are about the same, State parks, relying heavily on user support earn more revenues per acre, spend less per acre, and offer more services than the nearby national parks. And I include those examples in my Exhibits A, B, C, and D in this.

And now, thanks to Congress, the National Park Service is testing the waters of greater user support. Congress recently authorized a 3-year demonstration program that raises fees and allows greater fee retention. However, I think we need to even go further.

I think Congress should establish a fixed schedule that gradually reduces annual appropriations for park operations over a 10-year period until it reaches zero like they did in Texas and New Hampshire. Removing the heavy dependency on general funds spurred Texas, New Hampshire, and other State park systems to respond with greater revenue. The Park Service has to face the same reality.

Congress should allow park managers to institute their own fee-based services as long as these services are compatible with the protection of natural amenities. Most of the fees collected in these parks—95 percent at least—should remain in the park system. A small amount, perhaps 5 percent, could be used to fund the systemwise administration.

I also recommend that parks managers should be allowed to keep all cost savings and apply them to the budget for subsequent years. And, finally, each park should have a special park endowment fund for capital improvements. Capital allocations from the Treasury have a way of going to the creation of new parks instead of maintaining the existing ones.

Giving park managers a capital fund dedicated to the individual park and the wherewithal to finance it with road tolls, surpluses from the operating revenues, as well as other avenues will help them generate the needed capital to support the park.

Of course, some parks will not attract enough visitors or have enough commercially valued assets to be self-supporting. If these parks are to remain in the public domain, they should be funded separately out of general funds and not be subsidized by the high-use parks because this would weaken the incentives for revenue generation. These parks could also be turned over to private non-profit groups with a one-time endowment to fund maintenance.

Requiring popular parks to be self-supporting, at least operationally, is the surest way of spurring responsible management and financial accountability. The idea of self-supporting parks is what early park supporters had in mind near the turn of the century when we were a much poorer Nation. Surely, with our higher incomes today, we as users of parks can afford to pay these amenities and help make our parks the treasures they should be. Thank you very much, Mr. Chairman.

[Statement of Mr. Leal may be found at end of hearing.]

[PERC Policy Series may be found at end of hearing.]

[Park report may be found at end of hearing.]

Mr. HANSEN. Thank you, Mr. Leal; appreciate your excellent testimony. Mr. Jones, we will turn the time to you, sir, and thank you for being here.

STATEMENT OF KENNETH B. JONES, DEPUTY DIRECTOR FOR PARK STEWARDSHIP, CALIFORNIA DEPARTMENT OF PARKS AND RECREATION

Mr. JONES. You are welcome. Thank you. Good morning, Mr. Chair, members. On behalf of Governor Pete Wilson and the California State Parks Director, Donald Murphy, who has testified before this committee before, it is a privilege to be here today to talk about the many changes California State Parks has gone through over the past several years and the bright prospect for our future.

Earlier this year, our system's creative efforts in raising revenue and decreasing dependence on taxpayers was praised as pioneering by the Wall Street Journal. We are proud of our work in this field, but we are especially proud that our work in this area has not detracted from our mission and values, but it has been wholly consistent with them. In fact, we have become better stewards of California's most cherished natural and cultural resources.

Let me begin by giving you an overview of the system we manage today. California State Parks manages 264 parks and other properties covering 1.3 million acres. Each year, 70 million visitors enjoy our 11,000 picnic sites, 17,500 campsites, 280 miles of coastline, and 3,000 miles of trail.

We are a system as diverse as the National Parks, with historic sites such as Hearst Castle and Old Town San Diego; magnificent deserts such as Anza-Borrego; mighty redwood parks such as Big Basin, Humboldt, and Prairie Creek; special reserves such as Point Lobos and Torrey Pines; and expansive recreation-oriented beaches such as Huntington and Doheny.

To pay for all this, our operating budget for the 1996–97 fiscal year was about $181 million, 36 percent of which came from the State's general fund, and another 35 percent from revenues, which include user fees and concession rentals. The remainder comes from a number of other places such as grants, special fuel taxes, and an off-highway vehicle trust fund that supports our off-highway vehicle program.

As a percentage of our budget, tax-based support for State Parks has diminished over the years, from nearly 80 percent in the early 1980's to 36 percent this past year. As that has happened, we at California State Parks have become more creative in raising revenues.

The recession of the early 1990's led to a wholesale restructuring of the Department to put the focus back in the field, not behind the desk. We reduced the number of park districts from 55 to 23, abolished five regional offices, and we gave superintendents more authority to make important decisions such as adjusting user fees.

This reorganization removed about 180 positions by attrition and saved the State taxpayers more than $10 million. Our reorganization also allowed us to become more efficient, and this efficiency is also demonstrated in terms of our excellent working relationship with the National Park Service.

In three parts of the State—the North Coast Redwoods, the San Francisco Bay Area, and the Santa Monica Mountains—California parks and National Park Service have signed an agreement to work together for greater cost savings, improved resource management, and enhanced public service. Now, we are working with the National Park Service to expand the same partnership for our parks in the Mojave Desert and Marin County.

Our recession-created reforms were one step. Another step toward more self-sufficiency and greater accountability took place 2 years ago when, with the active support of Governor Wilson, we took on a 5-year initiative to further decrease our dependence on the general fund by more than $19 million. We are doing this in a number of ways and have already reduced this figure by $3.5 million.

For example, we are exploring other alternatives such as the privatization of selected parks and operations. And we are revising our fee structure to make fees simpler and more reflective of the use visitors get from their parks. After analyzing how our annual pass holders are using their passes, we are considering annual passes that are park-specific, for example. We expect to have a modified fee structure in place by the end of this year.

One of our most successful endeavors in encouraging greater self-sufficiency has been our Revenue Allocation Program, which we instituted last year. This program is designed to encourage our park districts to increase revenue by providing incentives that allow them to retain much of the new revenue.

Each fiscal year a district is given a guaranteed minimum allocation, referred to as its Tier One [base] allocation. While this is not tied to revenue, each district is expected to raise an agreed-to base revenue.

As the district's revenue rises above the base, it is authorized to spend up to a level defined as its Tier-Two allocation, and that is a specified maximum. When a district exceeds this maximum and enters a third tier, these revenues are then applied against the general fund reduction. Following the first year of revenue allocation, revenue at State parks has increased about $3 million representing a 6 percent increase. And our conclusion is simple, that the incentives to the districts work.

Our new Division of Marketing and Revenue Generation has provided the field with entrepreneurial expertise, and many of our superintendents and other field staff have found unique ways to raise revenues, something they would not have been able to do if everything was controlled through headquarters in Sacramento.

For example, our superintendent in the Salton Sea Sector used targeted advertising and discount coupons to increase visitation at a unit named Picacho State Recreation Area off the Colorado River near the Mexican border. In 1 month, we saw a 65 percent increase in visitation and a 40 percent overall increase for the fiscal year.

Several other parks and districts are offering value-added services such as special tour programs. Our Department's outdoor programs are aimed at introducing people to the skills they need to camp and enjoy California's great outdoors. Our districts have used their flexibility in altering fees to attract more visitors.

In the area of concessions, we have had the opportunity to renegotiate contracts and receive higher payments in a number of key park units. Concession rental revenue has increased each year and for the 1997–98 fiscal year is projected to be $2 million above the previous year.

But just as we are finding ways to be creative and entrepreneurial, we are getting more and more Californians involved in their parks. For example, we have an active volunteer program. In 1995, nearly 12,000 volunteers logged in 886,000 hours for the Department, saving the taxpayers $11.5 million. We have more than 80 cooperating associations raising millions to support our park programs.

The support of our volunteers and our stakeholders is mirrored in the high level of regard Californians have for their State parks. Last summer, we commissioned a statewide survey that yielded results that shocked the pollsters. They were not used to such a positive reaction.

Ninety-four percent of those polled said that despite the current shortfall of available revenues, parks must be properly maintained for present and future generations to enjoy. Seventy-five percent supported government funding for parks. Interestingly, when we asked our respondents what they felt were the most appropriate ways for State parks to raise money, corporate sponsorship, fee increases, and merchandising were at the top of the list.

Besides this survey, we regularly track how our guests feel about the parks they visited. And satisfaction is ranked high in a number of areas such as facilities, public safety, interpretation, even fees. We have discovered that our visitors and all Californians support the direction in which we are headed.

California State Parks is proof that we can make entrepreneurial changes and improve public service and resource management at the same time. We are a long way from self-sufficiency, nor do we ever want to or expect to achieve this. But we know that we are taking the right steps to be responsible without jeopardy to the stewardship of the natural and cultural resources placed under our care. Thank you.

[Statement of Mr. Jones may be found at end of hearing.]

Mr. HANSEN. Thank you very much. It was an interesting and informative testimony from both of our witnesses, and we appreciate that. The gentleman from American Samoa, Mr. Faleomavaega.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman. Staff informs me that the annual budget of our whole National Park System—our operating budget at least runs for about $700 million. Can you hear me on this?

Mr. JONES. Yes.

Mr. FALEOMAVAEGA. And that annually we collect fees or at least the generation of that of approximately $100 million. There is no question that there is a problem here in meeting the care and the maintenance and of this sort. And I want to ask, Mr. Leal, if it is your organization's position that eventually all our national parks should be given to the States to operate and that the Federal Government perhaps should get away from the business of running parks?

Mr. LEAL. No, it is not my or my organization's position that the National Park System should be Federalized or turned over to the States. It is our position, again, that the national parks only learn from what the States are doing. Because there are 50 State parks systems and they approach the problem of financing somewhat differently, they do provide laboratories from which we can examine different policy approaches and see what the results are.

That is the reason I examined the State Parks System was to get an idea of how well parks could be operated with revenues—i.e., more revenues and less taxes—and what the outcomes would be.

Mr. FALEOMAVAEGA. Well, if I may make an observation here of what your statement is, why is it that it costs less for a State to build a road through a park system, and when the Feds do it it costs 10 times more? I mean, this doesn't make sense. Can you share any observations on that, why the difference? Because the Federal Government has a higher standard of building a road than it is for a State or———

Mr. LEAL. That is one possibility, but I think it is more likely that the Federal Government has deeper pockets and it is not as frugal, if you will, about spending tax money. When you have to generate the money or earn the money on your own, there is a tendency to be more frugal in the building of roads or any of the infrastructure for the parks.

Mr. FALEOMAVAEGA. You indicated in your testimony earlier about the five national parks that are very popular I guess in the sense that they are able to pretty much generate revenues to the extent that they become self-sufficient in that sense. What is your suggestion, that these parks should be turned over to the States to operate?

Mr. LEAL. No. I mean that the Park Service should price services more realistically and be more diligient in fee collection. In actuality, Yellowstone Park is very close to self-sufficiency. In 1997 Yellowstone Park will generate on the order of $8.5 million in revenues, representing 44 percent of the budget.

All Yellowstone Park would have to do to be 80 percent self-sufficient would be to charge people with Grand Teton passes a $20 entrance fee. They would generate another $7 million or $15 million total in revenue if they took that loophole away.

Mr. FALEOMAVAEGA. You don't feel that grandmother and grandfather should deserve some kind of a special treatment like a senior pass to go through Yellowstone, and they should not be given a discount of some sort for our senior citizens?

Mr. LEAL. I don't have a problem with a discount. I have a problem with the size of the current discount. A $10 lifetime pass to a national park is a pretty big discount compared to the $20 regular entrance fee for Yellowstone Park.

I think we need to reconsider the size of all discounts. Let's face it, in studies of national park visitors, the average income for an entrant in the national park is almost twice as high as the median income of the United States. There are not a lot of poor people entering the park.

If you want to subsidize the poor so more can visit, we better think seriously about subsidizing their transportation and lodging expense because that is the lion's share of total expenses of visiting parks.

Mr. FALEOMAVAEGA. So you believe that perhaps the way that we are doing this for our senior citizens is that there should be a better way of—arrangement. If you are a rich senior citizen———

Mr. LEAL. Yes.

Mr. FALEOMAVAEGA. [continuing] you should pay the 40 bucks?

Mr. LEAL. I really do because when I see the elderly driving in an RV that cost $90,000 to enter the park, I am not sure that we are being realistic with our charges.

Mr. FALEOMAVAEGA. Of course, at the same time, the elderly that drives an RV of $90,000, they feel that they are paying taxes, and they should be given a break once in a while, don't you think?

Mr. LEAL. I guess. But making parks tax dependent does not generate the necessary incentives for quality park services and also park upkeep.

We have given a lot of tax money to the parks—the National Park System—since 1980. We have stayed ahead of inflation and that, but most of the money was spent on the agency itself and not on the parks.

Look at the operating budget of the National Park Service—the operating budget alone is $1.1 billion now.

If you add up all the operating budgets of the national park units, it totals out to $668 million. In other words, $432 million goes to the DC and regional offices. You know, that is a pretty top-heavy organization.

Mr. FALEOMAVAEGA. Do you think the National Park Service bureaucracy—they are just sitting on their butts doing nothing?

Mr. LEAL. I think that there is a lot of room to reduce operating expenses of the Park Service and devoting the savings to park infrastucture.

Mr. FALEOMAVAEGA. How about our friend from California, who seems to have the most parks than any other State? Do you agree with Mr. Leal's assessment?

Mr. JONES. That is a pretty broad question. A couple of things that I would say I would not agree with is that there is no absolutes in these kind of policy decisions as to, for example, the level of funding. Self-sufficiency—working toward self-sufficiency or a target toward self-sufficiency is a worthwhile and noble objective. One hundred percent self-sufficiency for an organization like National Parks is just not in anyone's best interests, and it is likely not doable, in my opinion.

I feel very strongly that where you have these lands that are high public trust lands, such as considerable and significant natural resource values and cultural values, that it is not a sin to provide public funding to support those programs. The core values that are necessary to maintain the stewardship year after year after year takes precedent over everything. But by the same token, it is not wrong to have these reasonable objectives toward more and improved self-sufficiency. I would say that is probably where California State Parks would disagree with one of the premises.

The other aspect that I made a notation of is that I think there is a caution in comparing or picking a State and looking at that as being a potential direct application to Federal lands. The scale—for example, a 40 acre set-aside piece of land in the State of Oregon for campsites is not comparable to a Yellowstone and $9 million.

And we have lots of examples in California that we could use that same comparison. So everyone's program I think needs to be tailored to the needs of that particular organization. California State Parks I think does happen to come as close as any to a National Park Service, and even our scale is out of whack when you compare it to a Federal level.

And as far as the—I found with great interest, and I wasn't aware of this until I heard the testimony from PERC, that our movers and leaders of the Park System, Stephen Mather and Horace Albright and others, who thought self-sufficiency was very doable, I don't think possibly could have understood and forecasted what we might be in for in the 1990's and moving into the year 2000 with our national parks and millions and millions of visitors. It just wasn't possible to foresee. Those are some random thoughts I had.

Mr. FALEOMAVAEGA. Just one more question, Mr. Chairman. We have talked a lot about Yellowstone, Yosemite, Mount Rainier, and these are the biggies. What about the little parks I feel that are just as important, but maybe they don't generate as many visitors? What would be Mr. Leal's recommendations to that kind of a situation?

Mr. LEAL. Again, I think that the motivation is for the popular parks not to suffer the rewards of generating revenue on their own. Therefore, I think it is important that those little parks that aren't tourist-attractors should be financed different. If you want to keep them in the public domain, then, by all means, use the general funds to support them, but don't penalize Yellowstone Park by taking money away from it and giving it to the little park.

Take money out of the General Treasury and give it to the little park. It stands to reason they are not going to be that expensive to run so fund them out of tax funds.

If you are really serious about paring down the size of the National Park System, which I think people ought to consider especially when you look at some units that really don't fit into the mission of the National Park Service and that—like Steamtown—we ought to give serious attention to turning those over to the private sector, to private land trusts, whatever. They probably would be taken care of better.

Mr. FALEOMAVAEGA. Well, I appreciate your comments, Mr. Leal, but the problem that I have observed here while being here in the Congress is that we are always robbing Paul to give to—to say don't do it to us, but this is constantly how we seem to be juggling our Federal budget every year, you know—take it from Paul to give it to someone else. But, at any rate, thank you, gentlemen. Thank you, Mr. Chairman.

Mr. HANSEN. Thank you. You know, it is always interesting—the gentleman from American Samoa brought up some interesting things about seniors. We always go through that little flap. I was wondering about why we let seniors, especially through our big drive-in parks—they come in.

I have spent a lot of time in my many years back here stumbling through the parks and walking into the camp areas. And it always bothers me when I see a guy in one of these $80,000 Winnebago and pulling a $30,000 Suburban—retired CEO—comes in with his Golden Eagle free—hooks into the sewer or the water, electricity, and camps. He is given a limit of seven or 8 days. He just sits there, and he gets a freebie.

And you see the kid in law school coming along, and he is in an old beatup car with two little kids, and he has got a little dome tent, and he pays the limit, and they kick him out in a short time. He has got to be back. So the equity of this thing always bothers me.

And I have often tried—I remember when Ronald Reagan was in, in 1981 I tried to change that around. I was creamed on the floor. But people didn't make the distinction between our big drive-in parks, whether they be State or Federal, and our walk-in parks.

Now, it is very difficult to take a walk in a park. Like right here, how do you do it? You can't do it. Mr. Jones, is the State experiencing anything like that? I know you have got some beautiful, beautiful State parks. We have got 41 State parks in the State of Utah, and I have talked ad nauseam to the guys here, and everyone wrings their hands on how do you do it.

And this trend toward a park fee, how is that acceptable? Is that acceptable at all to your park superintendents? How is that selling? I mean, your State is kind of a pilot State. You probably have got more than anybody else. You have got some gorgeous areas out there. What seems to be the trend with the guy on the ground who has to administer this program?

Mr. JONES. I think generally the acceptance when the public understands the value they are receiving is close to 100 percent, a reasonable price for a campsite in a beautiful park is absolutely accepted. And we have found that in our last 3 years of surveys of our users where we have asked directly related questions to that satisfaction level.

Where it becomes highly criticized and publicized, two points come to mind. It is where that value is not understood and the public is scrambling in their own minds to rationalize, "Why do I have to pay $5 to enter a beach which should be a God-given right to enter a beach?"

Mr. HANSEN. Well, don't they think that they are getting the best deal in America? I mean, I think the public should be made aware where is a better deal than a park? I mean, you take your wife and your children to dinner and to a movie on the weekend, like many American families do. You drop 100 bucks.

And they walk into a park—you take Yellowstone, for example, in 1915 it cost $10. In 1996, it costs $10 or is it $15? I can't recall. It is $20 now, but up to this point, before we gave Mike Findley a little more latitude, it was—you could walk in there for almost 80 years and drive into that park and see the granddaddy of all parks for almost zilch.

And people write me letters and say, "Oh, gee. I hate the idea of doing it." A guy drives in. He has got $100,000 he is taking in there. Then he belly aches about a $15, now $20, fee to go in a park. My answer to him is, "Tough. You are getting the best deal in America." And most people respond and say—most of them say, "Yes, it is a good deal." In fact, we get money sent to us all the time saying, "I ripped you off."

They go down to what we call the Golden Circle in Utah where they can go to Zion, Bryce, Canyonlands, Arches, and Glen Canyon National Recreation Area, and now they can go to a place called the Grand Escalante-Staircase National Monument, which is nothing but rolling hills of sagebrush, and half the people that go there keep looking for the monument but don't know that they are in it because there is nothing there.

But they love it, they think, because the President preserved something, where he really didn't. He opened it up for all kinds of development but didn't understand that he shot himself in the foot, but the environmentalists are soon finding that out. And they get the best deal in America. It kind of bothers me, the attitude of the public, not knowing that this is the best gift they have got since we started buying F–16's to defend them.

Mr. JONES. Mr. Chairman, we wrestle with those same kinds of, "How could they not be buying into this?" And there is a certain segment of the population—I am speaking for California and not for the United States—that clearly believes because it is public lands that they should be used. They already paid for it once, they don't want to continue to pay for it, and they aren't willing to recognize that it costs money to maintain facilities, maintain roads, maintain rest rooms, all the behind-the-scenes stuff that it takes to keep a park going.

Mr. HANSEN. Mr. Jones, where did they pay for it once? You mean in their income tax?

Mr. JONES. Well, they rationalize I think in the acquisition and———

Mr. HANSEN. The taxes they paid through other means. They feel, "Yes, I have already paid for this, and the legislature should be smart enough to take care of it"?

Mr. JONES. But I do believe that that is actually a small percentage of our users. I think, by and large, again, the users in California that can make a simple connection to the value that they are getting by using their parks really don't have any problem with them, and our survey demonstrates that.

I think there is another segment of the population, the naysayers, that don't want any fees, that tend to promote scare tactics of commercialization and sponsorships and all those kinds of things as tools to not increase fees or not have any fees. And we are always sometimes frustrated by that because the banner argument sometimes stand in the way of doing something reasonable like a reasonable increase to an annual pass or something of that nature.

But there is a balancing act, and I think one of the greatest challenges for both the Feds and States like California is finding the framework that the decisionmakers have to make as public policy decisions and delegations to the respective departments that carry these out. And in a way, that does take care of the little, tiny battlefield in Kentucky versus the Yellowstone.

It is very difficult to set policy from the top, and that applies to the California legislature or anywhere else. And that is a real challenge for public agencies that manage these important lands.

Mr. HANSEN. You probably heard those bells, and back there are two lights on which means we have a vote on. I have questions for both Mr. Leal and some more for you, Mr. Jones. I am going to ask you—here are a series of questions. Could I ask you to write to Dan here and me and give us a copy of your answers? We would be very curious as to how you would respond to these. If you would give us that courtesy, we would really appreciate it.

I want to recognize Mr. Hill from Montana, and then we are going to adjourn this because we have got a vote on, and I don't want to keep you here if we come back for two questions. The gentleman from Montana.

Mr. HILL. Thank you, Mr. Chairman, and I apologize for being late. And I do have a statement. If I could have that entered into the record?

Mr. HANSEN. Without objection, so ordered.

[Statement of Mr. Hill follows:]

STATEMENT OF HON. RICK HILL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MONTANA

Thank you, Mr. Chairman, for holding this important oversight hearing.

I am pleased to join my colleagues in welcoming our distinguished witnesses. I want to particularly thank Don Leal of Bozeman, Montana for traveling at great lengths to present his research on 27 State park systems.

Mr. Chairman, the subject we will be discussing today is an important one for the long-term health of our National Park System and the people who want to enjoy it. For too long, our national parks have faced enormous and unhealthy financial backlogs in operations and maintenance, construction and land acquisition. In Yellowstone National Park, for example, visitor facilities are in a state of serious disrepair, compromising our environment and visitor enjoyment of one of our national treasures.

Congress passed a Fee Demonstration program last year which is helping certain parks fill their financial needs. However, this is not the only answer, nor are unlimited amounts of taxpayer's dollars appropriated by Congress.

Washington doesn't have all the answers to help funding disparities in our parks and that's why we are here to listen to experts who have devoted themselves to finding ways to address these problems on a State level. I look forward to hearing from them on this important discussion.

Mr. Chairman, I again commend you on your leadership on protecting our national park system.

Mr. HILL. I am just going to ask one question at this point. First I want to thank Mr. Leal for being here from Montana. You have a very outstanding organization that you are part of that is constantly thinking about natural resource issues and public land management and how we can be more efficient and more effective in how we do that. I want to welcome you here, and I want to thank you for being here.

We have two outstanding, wonderful parks—Glacier Park and Yellowstone Park that border Montana. But one of the things that it seems to me and it concerns me is the gateway communities. One of the important things I think in helping enhance the experience of parks and attracting people to experience the parks is how gateway communities broaden the scope of services that can be offered to the people.

And we have had a lot of controversy, and I guess I would ask both of you to respond to this. Where there is greater cooperation with the park managers and the businesses in those gateway communities, do we have more successful parks?

Mr. LEAL. I think from my observation I can use State parks as an example. I think in Montana one of the most successful State park units is the Lewis and Clark Caverns, which, by the way, it cost $260,000 to operate, and it generates $350,000. People pay $7 each, children free, to enter that system. And it is not far away from Three Forks, Montana. Some of the local restaurants and that, they do benefit from the operation of that well-run operation of the Lewis and Clark Cavern.

At the national level we have not had a lot of cooperation. It was an interesting thing when Superintendent Mike Findley from Yellowstone Park urged the local businesses around the gateway communities, "Don't promote Yellowstone Park because we don't have the money to operate it." That didn't go over too well, naturally, with the local businesses.

When Superintendent Findley said he was going to close down Norris Campground and the two museums in an effort to save $70,000, despite the fact that the campgrounds have generated $114,000 is another example of conflict between local businesses in the gateway communities and what goes on in the park itself.

I think if we do have more self-sufficient park units and that, you will see more cooperation with the gateway businesses and that. In fact, you will probably see a lot more cooperation.

Mr. HILL. How about in California? Do the managers of the park work in a real cooperative fashion with the gateway communities?

Mr. JONES. Yes. And we have several examples of that. I would like to give you two real briefly. First of all, to answer your basic question, yes, where there is greater cooperation, and that translates many ways, but improved communication, for one, we have much greater success, and the public gets a better shot, a better experience for that two or 3 day, or whatever it is, venture.

The whole Yosemite and an organization that is a pilot program in California acronymed YADI deals with gateway community and its relationship to national parks. And the only reason I happen to know about that is we have a forum in California that is an ad hoc group—that is the California Round Table on Recreation, Parks, and Tourism. And it wrestles with these very kind of issues that you are talking about.

We have only been in existence for 1 year, but we have already made great strides in moving, branching much further out than just what we have as an expectation of one of our superintendents, for example. We are able to use that forum to combine all kinds of regional planning. The Tahoe Basin is a phenomenal example of the kind of thing I think you are talking about.

The biggest potential tension points I feel are where you have those high resource-value parks, and there are carrying capacities and limitations during peak periods. And everybody wants to make hay when the sun shines, and there has got to be a balance there. But if you don't have communication and the forum in place to deal and wrestle and explain and rationalize and compromise, it doesn't work very effectively, and everybody stays angry with everyone.

Mr. HILL. Thank you, Mr. Jones. Thank you, Mr. Leal.

Mr. HANSEN. We thank our witnesses for excellent testimony; appreciate you taking the time to be here. And we will look forward to the response to some of our additional questions. I see in the audience Dr. Randy Simmons from Utah State University, a great resource to this committee, and I was tempted to pull you up, Randy, and ask you a few questions, but we are running out of time.

Thank you so very much for your time. We will look forward to using you as a resource if you don't mind because we surely realize that most of the questions come or good answers don't necessarily come from Washington, contrary to popular belief. And this committee now will adjourn. Thank you.

[Whereupon, at 10:55 a.m., the Subcommittee was adjourned.]

STATEMENT FOR THE SUBCOMMITTEE ON PARKS AND PUBLIC LANDS

Thursday, July 10, 1997

Back To The Future To Save Our Parks

Donald R. Leal
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I believe the time will come when Yellowstone, Yosemite, Mount Rainier, Sequoia, and General Grant national parks and probably one or more members of the system will yield sufficient revenue to cover costs of administration and maintenance improvements.

— *Horace M. Albright*
Acting Director
National Park Service, 1917

Mr. Chairman:

My name is Don Leal, and I am a Senior Associate at the Political Economy Research Center PERC) located in Bozeman, Montana. I am here today to present the case for returning our popular national parks to the self-supporting parks they were originally intended to be.

Early Parks Were To Be Self-SupportingParks

It is not widely known but the intent of our early national parks was that they would be self-supporting parks. Congressional appropriations were to be limited to initial investments in roads and visitor facilities. In 1916, when Congress authorized the creation of the National Park Service, Interior Secretary Franklin Lane appointed Stephen Mather, a successful businessman and millionaire, to run the fourteen existing parks on a self-supporting basis. In Mather's first report on parks to the secretary, he states **"It has been your desire that ultimately the revenues of several parks might be sufficient to cover the cost of administration and protection and that Congress should only be requested to appropriate funds for their improvement. It appears at least five parks have a proven earning capacity sufficiently large to make their operation both feasible and practible." The five parks were Yellowstone, Yosemite, Mount Rainier, Sequoia, and General Grant (now part of Kings Canyon-Sequoia)**

Importantly, park revenues were held in a special account accessible to the Park Service without congressional appropriation. Mather considered this important for responsible management because from the Park Service's perspective there was a clear link between serving park visitors and having funds necessary to manage the parks. Unfortunately, Congress took control of all of the financing for parks in 1918 by requiring that all park fees be returned to the treasury, and this critical link was broken. With revenues going to the treasury and the lions share of the funding coming fromtaz dollars the Park Service has had little incentive to serve park visitors.

Moreover, park budgets have become political footballs. Raising money via allocations from the treasury has been a matter of first denying customer service or letting park facilities run down in order to provide the necessary political impetus to free up more money for parks. For example, in the Spring of 1996 the Superintendent of Yellowstone Park announced that two museums and a popular campground would be closed for the summer in effort to save $70,000--the cost of operating these facilities during the year. While Yellowstone's allocated operating budget had increased over the previous year, it apparently had not increased enough to keep these facilities open. The campground actually earned more than it cost to operate all three facilities for the year, but since the revenues went to the treasury, not to the park, park managment had little economic incentive to keep them and a lot of political incentive to close them.

More Tax Dollars Do Not Lead To Well-maintained Parks

Contrary to the view that tax-supported parks guarantees long-term protection, our national parks have suffered from poor incentives to maintain our parks. The Park Service says it has a $4.5 billion backlog of construction improvements and an $800 million backlog of major maintenance.

Are we to assume that our parks have fallen victim of a budget-conscience Congress? From 1980 to 1995, the total budget of the Park Service nearly doubled, from almost $700 million to about $1.3 billion. Spending on operations, which includes staffing and wage increases, grew at a healthy inflation-adjusted annual rate of 3.1 percent, and full-time staff increased from 15,836 to 17,216 employees--more than enough to handle visitation which grew by less than 1.5 percent a year. While spending on the agency itself increased, spending for major park repairs and renovations fell at an inflation-adjutsed annual rate of 1.5 percent.

In addition, the healthy increase in operating expnses has not led to better service in Yellowstone,Yosemite,and other popular parks. According to a recent *Consumer's Report* survey, the two most frequent compalints were crowded conditions and the lack of adequate visitor facilities.

This sad state of affairs is brought about because most of the money to support parks is not **earned** from park visitors.

As Tax Dollars Shrink, State Parks Are Becoming More Self-Supporting

States are showing us that as tax support for parks declines, park agencies will generate more revenue from users. Spurred by nearly a 41 percent decline in general tax support for all state parks in the country, user fees collected at all state parks went from $182 million in 1980, or about 17% of total state park spending, to $513 million in 1994, or about 33% of total parks spending.

State park agencies collected, on average, about $0.71 per visit in 1994. In contrast, the Park

Service collected on average about $0.36 per visit (concession fees included), or about 7 percent of total spending by the agency. Like national parks, state parks have increased fees but they have also raised revenue by creating more services for park visitors

Moreover, a number of state park systems are showing us that the idea of self supporting parks, at least operationally, is a feasible goal when heavy reliance on tax support for park operations is no longer an option and legislatures implement institutional reforms to spur managers to raise revenue and save money on their own.

Faced with dramatic declines in general tax support, sixteen state park systems now regularly obtain more than half of their operating costs from user fees. New Hampshire State Parks funds its entire $5 million-plus operating budget out of entrance and camping fees. In 1991, in the midst of a growing general fund crisis, the legislature required the park system to rely solely on park-generated revenue.

Park revenue had actually exceeded operating expenditure for three consecutive years prior to passage of the act, but park receipts had been handed over to the state treasury. Importantly, the 1991 act let receipts flow into a park fund that carries over unspent park monies from year to year. This encourages self-sufficiency because park officials know that they have a reliable source of money dedicated to parks over the long term.

Prior to the 1990s, over sixty percent of Texas State Parks' operating budget was funded out of general taxes. In 1991, Texas State Parks was told by the state legislature that general tax support would be eliminated by 1994. Texas State Parks found ways to raise revenue and save money on its own. Moreover, the services park managers created to raise revenue are all compatible with the primary mission of protecting the parks natural amenities Texas parks now derive about two-thirds of their operating budgets from user fees.

In addition, states have implemented institutional reforms to raise revenue and save money. In 1993, Texas park management developed the entrepreneurial budgeting system This innovative, market-based financing system rewards individual parks with larger operating budgets if they surpass their revenue or cost savings targets for the year.

California State Parks derives nearly half of its $188 million operating budget out of user fees. California's Department of Parks and Recreation recently instituted a new budget allocation program which allows each park district to retain all the revenues earned from its park above a historical base. Budgeted funds not spent can be used the following year at the discretion of the park district. Any shortfall in revenues, however, will be taken from the following year's budget. This system gives the district managers incentive to save money and to raise revenue.

With financial self-sufficiency as a goal we can expect better service and greater efficiencies in running our parks. Comparing adjacent state and national parks in Texas, California, and South Dakota where the attractions are about the same and where state parks rely heavily on user support and adjacent national parks do not, state parks earn more revenue per acre, spend less per acre, and offer more services (Exhibits A,B,C, and D) .

Where to From Here

Thanks to Congress, the National Park Service is now testing the waters of greater user support at selected national parks. Congress recently authorized a three-year demonstration program that raises user fees at up to hundred popular parks. Those parks get to keep about 40 percent of the total revenue from fees. Previously, they could keep only 15 percent of the revenue raised from entrance fees.

We must make further changes, however, if we are to create self supporting parks. To steer national parks closer, here a few recommendations:

- Congress should establish a fixed schedule that gradually reduces annual appropriations for park operations over a ten-year period until they reach zero. Removing the dependency on general funds spurred Texas, New Hampshire, and other state park systems to respond. The Park Service has to face the same reality.

- Congress should allow park managers to institute their own fee-based services as long as these services are comaptible with the protection of natural amenities. Texas park managers have shown that parks can offer a variety of services while protecting natural amenties.

- Most of the fees collected in these parks, about 95%, should remain in the park in which they were collected, to be used to fund operations there. A small amount, perhaps 5%, could be used to fund systemwide administration. Any revenues in excess of costs should be retained by the parks. The fee demonstration program results in added revenues staying in a popular park such as Yellowstone, but this still constitutes only 11 about percent of the operating budget, hardly enough to spur park management to emphasize fee-based services over greater tax allocations from Congress. In addition, it does nothing to motivate managers to find cost savings.

- Therefore, I recommend that park managers should be allowed to keep all cost savings and apply them to the budgets for subsequent years. These funds would be treated as budget enhancements, not offsets to subsequent funding.

- Finally, each park should have a special "park endowment fund" for capital improvements and repairs. Profits from user fee revenue, a perrcentage of concession sales, and park road tolls arepossiblesources Allocations from the treasury have a way of going to the creation of new parks instead of maintaining existing ones. Giving park managers a capital fund dedicated to an individual park and the wherewithal tofinance it can avoid this problem.

Of course, some parks will not attract enough visitors or have enough commercially valued assets to be self-supportive. If these parks are to remain in the public domain, they should be funded separately out of general funds and not be subsidized by high-use parks. These parks could also be turned over to private, non-profit groups with a one-time endowment to fund maintenance.

Requiring popular parks to be self-supporting--at least operationally--is the surest way of spurring responsible managment and financial stability. The idea of self-supporting parks is what early park supporters had in mind near the turn of the century when we were a much poorer nation. Surely, with our higher incomes today, we as users can afford to pay for these amenities and help make our parks the treasures they should be.

Thank you very much for the opportunity to speak here today on this critical issue, Mr. Chairman.

Big Bend National Park and

Big Bend Ranch State Park

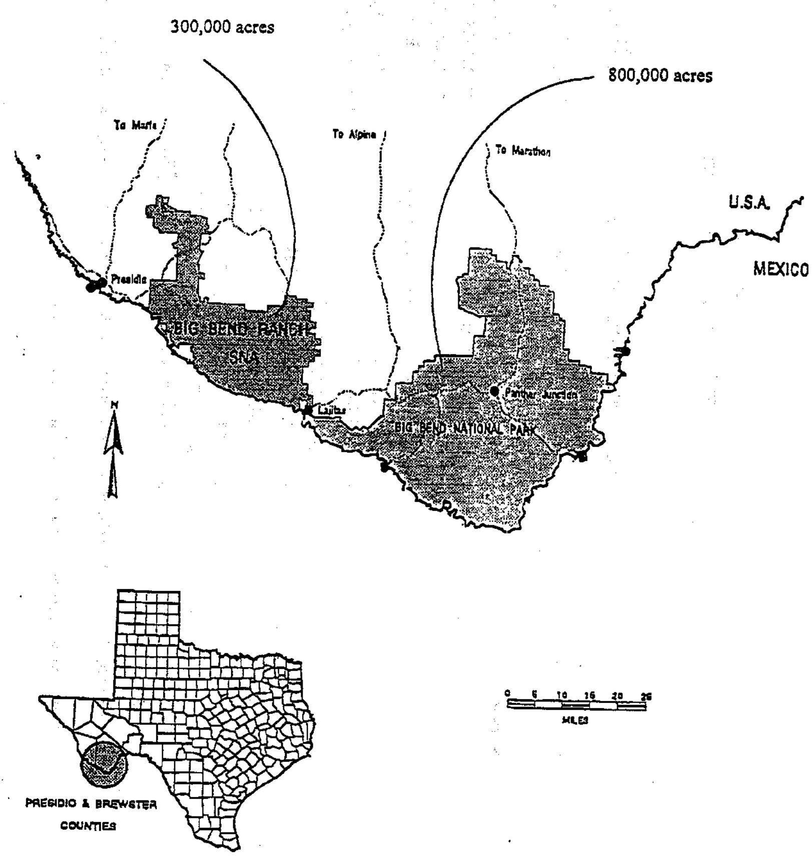

Exhibit A
1995 Comparison of Fees

	Big Bend Ranch State Park	Big Bend National Park
Entrance fee	$3 per person per day	$5 per vehicle per week*
Services	• Bird watching ($3) • Rafting, canoeing ($3) • Camping ($3) • Wilderness backpacking ($3) • Hiking ($3) • Fishing ($3) • Swimming ($3) • Horseback riding ($3) (horses leased for $50) • Longhorn cattle drive ($350 each) • Interpretive bus tours ($60) • Weekend nature seminars ($300 - 3 days)	• Bird watching (free) • River running (free) • Camping ($5) • Hiking (free) • Fishing (free) • Nature workshops (free)

*Under the Fee Demonstration Program a weekly charge of $10 per vehicle began in 1997

Political Economy Research Center (PERC), Bozeman, Montana

Exhibit B
1995 Operating Characteristics

	Big Bend State Park Complex*	Big Bend National Park
Acreage	300,000	810,763
Staff size	14	94
Visits	56,697	314,209
Operating Budget	$463,165	$3,951,000
Revenue	$176,042	$337,103
Portion of budget covered by fees	38%**	9%
Revenue per visit	$3.10	$1.07
Revenue per acre	$0.59	$0.42
Expenses per acre	$1.54	$4.87

*Includes ranch area, Fort Leaton, and Barton Warnock Environmental Center.
**Increased to 43% in 1996.

Exhibit C
1995 Operating Characteristics

	Custer State Park	Wind Cave National Park
Acreage	73,000	28,292
Staff size	51	37
Visits	1,600,000	1,094,933
Operating budget	$3,019,922	$1,212,000
Recreation Rcvenues	$2,500,000	$389,735
Total Revenues*	$3,607,500	$389,735
Portion of budget covered by fees	118%	32%
Recreation revenues per visit	$1.56	$.36
Revenues per acre	$49.42	$13.78
Expenses per acre	$41.37	$42.84

*Includes bison and timber sales.
Source: The Political Economy Research Center (PERC), Bozeman, Montana

Exhibit D
1995 Operating Characteristics

	Redwoods State Park	Redwoods National Park
Acreage	34,780	75,466
Staff size	29	104
Visits	549,726	552,464
Operating budget	$925,151	$5,553,000
Total Revenues	$684,903	$1,320
Portion of budget covered by fees	74%	0%
Revenues per visit	$1.25	$0.00
Revenues per acre	$19.69	$0.02
Expenses per acre	$26.60	$73.58

*Includes Jedediah Smith, Del Norte Coast and Prairie Creek Redwoods State Parks.

Source: The Political Economy Research Center (PERC), Bozeman, Montana

Parks in Transition:

A Look at State Parks

Donald R. Leal
and
Holly Lippke Fretwell

June 1997

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Introduction

Throughout their existence, our nation's state parks have been challenged to serve a growing public while preserving each state's natural and cultural heritage. That challenge has been intensified in recent years due to shrinking general fund support. Several states have reciprocated with new support strategies including expanded user fees, concessioner contracts, and corporate sponsorships, while others continue to rely heavily on support from taxes.

The following report provides a sketch of 27 state parks systems between 1980 and 1994. It offers a brief look at the physical characteristics of each park system, its amenities and programs, visitation, fees and funding sources. This document is a companion to the *PERC Policy Series*: Back to the Future to Save Our Parks. The policy series examines the feasibility of creating self-sufficient parks, and includes specific policy recommendations.

Overview

Before examining individual state systems, it is useful to have a broad picture of the entire network Total state park acres in the United States equals nearly 12 million acres and attracts over 750 million visitors a year. In 1994, the average state park system in the United States included 96 operating units which together covered nearly 234,000 acres. That same year the average system attracted over 15 million visitors, or five times more visitors than Yellowstone National Park. Between 1980 and 1994, the average state park system expanded modestly at an annual rate of 1.5 percent, while visitation increased by 2.2 percent annually (Table 1).

Table 1. Average State Park System

	1980	1994	Annual Rate of Change
	Year		
Operating Park Units	86	96	0.8%
Acres	193,230	233,699	1.5%
Visits	11.4 million	15.0 million	2.2%
Total Budget	$38.3 million	$30.4 million	-1.5%

Ironically, increased visitation at state parks has not led to higher park financing in real terms. From 1980 to 1994, the average system's total budget declined at an inflation-adjusted annual rate of 1.5 percent (Table 1). Furthermore, general funding for those budgets declined by 3.6 percent annually (Table 2). Notably, all of the shortfall fell on the capital side of the ledger. New facilities, improvements and maintenance have all been delayed as capital spending, adjusted for inflation, declined at an annual rate of 4.8 percent (Table 2).

Table 2. Budget Breakdown and Financing

	1980	1994	Annual Rate of Change
	Year		
Operating Budget	$17.9 million	$23.8 million	2.4%
Capital Budget	$20.4 million	$6.6 million	-4.8%
General Funds Financing	$24.7 million	$12.2 million	-3.6%
Revenues From Users	$6.7 million	$10.7 million	4.3%
Average Revenue per Visitor	$ 0.58	$ 0.71	1.6%

Dollar figures adjusted for inflation to 1994.

Source: National Association of State Park Directors

Meanwhile spending on day-to-day operations increased by 2.4 percent a year (Table 2.). This increase in the operating budget was possible due to a 4.3 percent annual increase in revenues from users. In many park systems, new fees or modest fee hikes for entrance, camping, fishing, boating, special events and other activities generated the additional revenues.

These figures are evidence of a system-wide trend in state park systems. By looking closely at the actions taken by individual states and their parks in response to shrinking general tax support, we hope to generate ideas that can help resolve park financing problems at both the state and national level.

Texas State Parks

At over 500,000 acres, Texas State Parks is the fourth largest park system in the nation. Only the national park system, Alaska and California have more acreage. The system encompasses 41 state parks, 44 recreation areas, 40 historic sites, and 7 natural areas.

In 1991, the state legislature directed Texas Parks and Wildlife Department (TPWD), the agency which oversees state parks, to move toward self sufficiency. Underscoring this directive was the fact that appropriations from general funds for park operations would be eliminated by 1994. At the time, these appropriations made up half of the operating budget of the park system, and only a handful of park units were operationally self-sufficient. (Holliday 1995, 24).

With such a drastic funding reduction looming in the near future, park officials considered closing a number of parks, but local communities came to the rescue with a "partners in parks" program, which donated $1 million and many hours of volunteer labor. Immediate closures were avoided, but park officials knew that for the long haul they needed to embark on a dramatically different approach to park funding. That new approach was the entrepreneurial budgeting system, or EBS for short.

EBS is an innovative, incentive-based financing system that encourages and even challenges managers of individual parks to find new ways of raising revenue and saving money, while still protecting park amenities. At the heart of the EBS is the performance agreement. It is in essence a contract between the park manager and TPWD officials to meet certain goals. The park manager pledges to meet a spending goal for the upcoming year and raise revenue equal to the previous year's revenue plus a small increase of .5 to 3 percent. If a park manager spends less than the designated amount, department officials pledge to reward the manager by returning all the cost savings to the park's budget the following year in the form of an enhancement--not an offset to the park's budget. Before the EBS, there was little incentive to save money because of the so-called "use it or lose it" principle. If all the money from the yearly budget was not spent, it was a clear indication that the park did not really need all the money it had been appropriated. Hence next year's budget was reduced.

On the revenue side, if a park manager surpasses the revenue target stipulated in the performance agreement, then department officials pledge to return as much as 35 percent of the surplus as an enhancement to the park budget the following year. Importantly, the park manager is free to spend the money as he or she sees fit for park improvements. Of the remaining surplus, 25 percent goes into a seed fund that assists other parks initiate their own EBS, and 40 percent goes to park units that may never be self-supporting. In this way, the EBS creates a safety net for parks that are valued ecologically, but never attract a lot of visitors.

The EBS program introduced park managers to the type of business planning and risk taking, not commonly found in the public sector. For the first time, a park's budget could actually be reduced if the park manager failed to meet the spending and revenue goals set out in the performance agreement. Because of the new criteria set by EBS, park managers were given the option of participating. In 1994, the first full year of EBS operation, forty-two pilot parks entered the program. The following year, fifty-three more parks joined. Despite initial trepidations, park managers are assuming the risks and seeking the advantages offered through EBS.

One of the more obvious benefits under EBS is the freedom to create attractive and exciting new programs and services. For example, Brazos Bend State Park is offering a two-hour nocturnal journey into the world of owls. Dubbed "owl prowl," the program costs just $3 per prowler. For those who prefer to study life in the water, the park offers a gator gazing expedition on a pontoon boat for $8 a person

At Big Bend Ranch State Park, visitors are helping park personnel with a cattle drive and paying for the pleasure. To protect the park's range from overgrazing, the resident herd of longhorns must be moved to new pasture twice a year. Participants sign up months in advance to help wrangle alongside park employees. They also pay $350 to $450 each. Other new revenue-generating services at Big Bend Ranch include a desert survival course for $350 per person and a wildlife bus tour to the interior of the park for $60 per person.

Visitors not wishing to participate in these more expensive programs, can still choose from a host of modestly priced activities, such as desert wilderness hiking, river fishing, and picnicking. The daily charge for these activities, including entrance fee, is $6.00 per person. Camping fees now vary according to demand and facilities, ranging from $4 to $10 at primitive sites and $10 to $16 at developed sites.

At South Llano River State Park, a 1951 Chevy bus, donated by the local fire department, has been refurbished to take visitors on wildlife safaris through the park. The charge is $3.00 per passenger. At Huntsville State Park, 50 and 100-mile "fun" runs, Rocky Raccoon Trail Runs and a canoe rendezvous raise $5,500 to $7,000 annually, says park superintendent Wilburn Cox.

Aside from programs and activities, park officials are exploring other opportunities to generate revenues Park souvenir shops and a centralized reservation system have both been money makers The new reservation system has been especially beneficial. Reservations can be made for both day and overnight facilities, and for some tours and activities. A deposit equal to one day's fee at the facility confirms the reservation. The system operators provide helpful information on park activities and opportunities, and direct visitors to under-utilized parks when campgrounds at the most popular parks are full. During the system's first six months of operation, 30 percent of the campers could not make reservations in their park of first choice, but with the help of the operators, they agreed to stay in an alternative park. The result has been more satisfied customers and more camping fees remaining in the parks. The reservation system is both a marketing and management tool, providing responsive public service, increased operations efficiency and enhanced revenues.

EBS has been a financial success. After just two years, the number of parks making more than they spend went from six to twenty-two. During that same time, the initial EBS parks raised $1.1 million in additional revenue and found $685,000 in cost savings (King 1995, 56). These funds have enabled park managers to carry out park improvements, provide additional support, and protect resources. For example, several parks purchased sand to create beaches near park waterways. Others planted trees and purchased better communication equipment for fire fighting. One park bought a shredder to maintain 2,500 acres of wildlife openings. Another fenced out white-tailed deer from areas that needed time to recover from heavy grazing.

To be sure, there are still bugs to be worked out in the new system. EBS payments to parks raising revenue above their target levels have run into problems. The payments come out of subsequent and not current year revenues. When Texas experienced a serious drought in 1996, visitation fell far below normal levels. As a result, there was not enough revenue to pay both operational expenses and EBS payments This problem could have been easily avoided by setting aside funds from current year income to pay parks their rewards the following year.

While EBS has generated much needed new revenues, TPWD officials are still faced with trying to pare down a substantial repair backlog, estimated to be as high as $185 million. One of the most pressing problems involves modernizing outdated sewage and drinking water systems which pose potential health risks. Officials estimate that it will take $50 million to bring these systems up to snuff (Dawson 1996). To raise the needed capital, TPWD officials have turned to the park user.

In May, 1996, they replaced the $3 per vehicle entrance charge with per-person entrance fees of $1 to $5 at all parks. In addition, the annual pass to state parks was raised from $25 to $50. Officials expected that the new entrance fees would raise an additional $5 million to $7 million a year to fund park repair projects (Dawson 1996). Unfortunately, the summer drought led to a major downturn in visitation at Texas' "water parks," the most popular parks in the system. The parks' gross revenues did increase by 7 percent in May, 1996 compared to the same month in 1995, but fell 11 percent in July when the drought was at its peak (Dawson 1996). Officials anticipate that the full benefits of the new entrance fees will materialize once the drought ends.

Table 3. Statistics on Texas State Parks

				Budget		
	Acres (in thousands)	**Visits** (in thousands)	**Receipts** (thousands of $)	**Operating** (thousands of $)	**Capital** (thousands of $)	**Total** (thousands of $)
FY 1980	134	14,022	$ 5,581	$ 13,272	$ 13,742	$ 27,014
FY 1995	519	24,276	19,522	33,034	------	33,034

Source: National Association of State Park Directors

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California State Parks[1]

In 1995, more than 64 million people visited California state parks, making it the most widely visited state park system in the nation. With 1.33 million acres of rugged coastal beaches, serene sandy bays, expansive deserts, majestic redwood forests, and giant sequoias among its abundant natural wonders, it rivals many of our national parks. Yet it too is suffering the same financial crisis that is afflicting parks across the country.

Shrinking general funds and a deferred maintenance backlog estimated at $75 million, however, have prompted park officials to search for ways to reduce operating costs and generate more revenue from park users. In 1996, the system's operating budget was a whopping $180 million, but still $45 million less than the system's operating budget in 1992. Much of the shrinkage was due to reduced general funding. Park receipts increased by $15 million over this same period, but the increase covered only one-third of the loss from general funds.

In 1996, the parks requested and received funding from the legislature to cover $15 million of the shortfall. Furthermore, the budget included another $16.4 million, which will be given to the parks annually for the next five years. This budget extension will allow the parks time to increase their revenue potential.

California's Department of Parks and Recreation has launched several efforts to reduce costs. For example, new partnerships with corporate sponsors and volunteer work projects have provided valuable "free" advertising and support services for parks. The Sempervirens Fund, founded in the early 1930s has continued to support California state parks. Soliciting funds from the public, foundations, corporate gifts and state matching grants, the group raised about $1.3 million in both 1992 and 1993. The California State Park Foundation has also raised funds for the parks, donating more than $87 million in 22 years for projects, educational materials and land acquisition. In addition, some park support services have been turned over to concessionaires to take advantage of higher efficiencies in the private sector. And a number of lightly visited units have been transferred to local or non-profit entities.

On the revenue side, it would seem that California's parks have obtained all they can from the user. In 1995, revenue from park fees totaled $58 million, most of which came from entrance fees ($26 million), camping fees ($19 million), and concession fees ($8 million). Prices remain reasonable at $5 per vehicle or $4 per walk-in for daily entrance, and $75 for an annual parks pass. Camping fees range from $8 to $14 for primitive sites and from $13 to $20 for developed sites. Concession fees average 7 to 8 percent of lodging and restaurant sales, and 5 to 15 percent of merchandise sales

Still, there is an opportunity to generate more revenues from users by simply capturing more entrance fees. Only 30 percent of the 64 million-plus visitors actually paid entrance fees in 1994 (NASPD 1995). In addition, there are no charges for popular activities such as hiking, boating, and fishing. And while there are charges for about half the park special events, it seems reasonable that all events requiring personnel time and other support costs should be offset by event fees.

In July, 1996, the parks department instituted a promising new budget process based on incentives. It is designed to reward district park managers for generating greater revenues. It allows each park district to retain 100 percent of the revenues earned from its parks above a historical base and within authorized limits set by the department (not to exceed $63 million from all districts). Moreover, the money can be used at the discretion of the district thus giving district managers an incentive to act entrepreneurially. A portion of any revenues in excess of authorized limits are given to the district as a credit to the historical base for the following year. The remainder is used to replace declining general funds for all state parks. Any district falling short of the historical base will suffer an equivalent decrease in funding in the subsequent year. California parks are hoping this new incentive-based program will generate revenues sufficient to overcome the decline in general funding.

To further assist with revenue generation, California revamped it's Sacramento-based state park store in October 1995. Store merchandise promotes the programs offered by the department and offers exclusive California state park items. So far, the store has shown a modest and increasing profit. The parks division is exploring possibilities for expanding the park store concept to other park units.

Meanwhile, California parks have accumulated a deferred maintenance backlog of nearly $80 million. Historically, funds from bonds have assisted parks with upkeep and rehabilitation. In November 1996, a ballot measure for park capital funding was defeated. The last year an obligation bond was available for park funding was 1988. The parks continue to push for new bond funding to help reduce the growing maintenance backlog.

Table 4. Statistics on California State Parks

	Acres (in thousands)	Visits (in thousands)	Receipts (thousands of $)	Budget: Operating (thousands of $)	Budget: Capital (thousands of $)	Budget: Total (thousands of $)
FY 1980	1,005	58,024	$ 15,338	$ 69,775	$ 245,813	$ 315,568
FY 1995	1,334	64,314	58,306	180,250	11,984	192,234

Source: National Association of State Park Directors

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Washington State Parks

The Washington State Parks and Recreation Commission administers 123 developed state parks, some satellite properties, and approximately 20 sites held either for preservation or future park development Together these areas constitute about 255,000 acres. Recreational and educational facilities abound in the system. For example, there are over 8,000 campsites and more than 13,000 picnic sites, 120 boat launches, 700 miles of trails, 10 environmental learning centers, 13 interpretive centers, and 17 historic sites. With so much to offer it is easy to see why the system is so popular among residents and nonresidents alike. In 1995, over 45 million people visited Washington's state parks, making them the fourth most highly visited among all state park systems in the nation.

The system derives most of its funding from general funds and just 15 percent of the operating budget comes from camping fees ($7.7 million in 1995). As of July 1995, all revenues have been deposited into a parks fund, but legislative approval is required for spending. Washington is one of only 10 state park systems that does not charge a day-use fee at any park.

Despite their tremendous popularity, Washington State Parks is experiencing serious problems. A report by the Washington State Parks and Recreation Commission (1994, 1-2) says the parks are "crumbling under the weight of recurring budget cuts, staff losses, and increasing public demands." In addition to a substantial decline in on-site staff, the commission's report notes that 30 parks, once open year round, have been closed seasonally; deferred maintenance projects now top $40 million; and there is an emerging shortage of available campsites during peak usage times.

The commission considered the possibility of a day-use fee as one way to provide the needed funding, but did not propose it fearing a public outcry. Generally, state residents cling to the notion that park access must remain free. This is unfortunate because down the coast, California State Parks, with nearly 20 million "fee area" visitors, generated nearly $27 million from entrance fees alone in 1995 The commission also assumed that campsite fees had reached reasonable levels. However, Washington's camping fees are less than those in California and several other western states.

The commission made several recommendations to increase park funding. Notably, it proposed keeping all user fees in an unappropriated fund thereby avoiding the legislative process. The commission also proposed increases in fees to concessionaires, river guides, and other commercial operations, as well as the establishment of more "friends of parks" groups to raise funds and donate volunteer work.

Taking its cue from Texas, the commission has also implemented a centralized reservation system (in coordination with Oregon) for campsites. This should increase attendance and revenue. To help with capital improvements, the 1996 legislature authorized a novel concept for raising funds for park improvements: the sale of certificates of participation to private investors. The state Treasurer recently sold 10-year certificates at 4.5 percent to 5.5 percent variable interest to private investors to raise $310,000 for improved lodging and campgrounds in Fort Warden State Park. Repayment of the bonds is made using revenues earned by the new facilities.[2]

As recommended by the commission, volunteer programs and friends groups have become more active recently. Furthermore, there is a desire within the park system to increase park revenues, according to program specialist Michael Anderson.

Washington's park managers still have a long ways to go in addressing current funding problems. Inhibiting efforts to generate greater revenue was passage of initiative 601, in 1994. This initiative limits fee increases and removes entrance fees as a viable option for raising revenues for parks.

Table 5. Statistics on Washington State Parks

				Budget		
	Acres (in thousands)	Visits (in thousands)	Receipts (thousands of $)	Operating (thousands of $)	Capital (thousands of $)	Total (thousands of $)
FY 1980	86	37,154	$ 2,219	$ 15,359	$ 3,912	$ 19,271
FY 1995	225	47,186	9,128	49,862	20,294	70,156

Source: National Association of State Park Directors

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Oregon State Parks

Oregon's park system, 335 units and 90,000 acres, attracts 41 million visitors a year. Originally, the system was part of the Highway Department and roughly 90 percent of the financing for parks came from a gas highway tax.[3] In the early 1960s, revenues from recreational vehicle (RV) license plates became another important source of dedicated funds for parks.

Parks began to feel the financial pinch in the 1970s, as highway maintenance costs rose and money earmarked for parks from the gas highway tax was diverted to highway maintenance. The legislature compensated for the decline in dedicated tax money with money from general funds. In 1980, money for parks from the highway gas tax was eliminated altogether. The original intention was to replace this money with greater contributions from general funds. However, this support was not forthcoming. To make up for the lost funding from the gas highway tax, park user fees and license fees increased.

In 1995, only 13 percent of the budget was covered by general funds, while 46 percent came from user fees. Another 40 percent of the funding for operations continues to be RV license fees.

Of the system's 335 units, 24 charged an entrance fee of $3 per vehicle yielding $1.4 million revenue. Most of the revenue came from camping fees, which vary depending on service, location, and demand. The camping fee structure entails a minimum $7 fee for primitive sites and up to $20 for developed sites. Camping fees are among the highest of all state parks and no significant increases can be expected.

Years of dedicated funds may have lulled parks into complacency when it comes to controlling costs. Comparing 1980 to 1994, park acreage has held steady at roughly 90,000 acres, but the operating budget, adjusted for inflation, has jumped from $16 million to nearly $24 million. Central office staff has grown from two full-time people in 1980 to 66 in 1995. Park officials worry that without an increase in general funds, some parks will have to be closed and the maintenance backlog, estimated at $100 million, will continue to grow.

But it appears there is room to find significant cost savings internally without sacrificing service to visitors. The fact that all user fees must be reappropriated back to parks by the legislature, could also discourage park managers from seeking innovative ways to increase revenues. Additional money will have to be raised to reduce the huge maintenance backlog.

Table 6. Statistics on Oregon State Parks

				Budget		
	Acres (in thousands)	**Visits** (in thousands)	**Receipts** (thousands of $)	**Operating** (thousands of $)	**Capital** (thousands of $)	**Total** (thousands of $)
FY 1980	92	34,455	$ 2,800	$ 9,000	$ 3,000	$ 12,000
FY 1995	90	41,235	11,191	23,912	1,778	25,690

Source: National Association of State Park Directors

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Idaho State Parks

Idaho's park system has 27 active units encompassing nearly 42,000 acres. In 1995, an estimated 2.6 million people visited Idaho's state parks. The system includes 5,500-acre Heyburn State Park, which was established in 1908 making it one of the oldest state parks in the nation, and the first in the Pacific Northwest.

With some increase in fees, the park system has come to rely more on park receipts to finance operations. In 1980, there were no entrance fees. Camping fees were $3 per night for primitive sites and $4 to $6 for developed sites. Park receipts generated for the year totaled $716,300, equivalent to 23 percent of the operating budget. In the late 1980s, most units began charging an entrance fee of $2 per vehicle, and camping fees were raised to $7 for primitive sites and as high as $12 for developed sites. Walk-ins can still enter parks for free. In 1995, park receipts totaled $2.7 million, equivalent to 43 percent of the operating budget.

A new campsite reservation system has increased efficient use of the parks. Reservations can be made through a toll free number for most campsites in Idaho's state park system. The reservation fee is $5, and alternative sites are offered if the park of choice is booked, thus effectively disbursing visitation to the less utilized parks.

Still, there seems to be plenty of room for achieving higher returns from fees. In 1995, entrance fees totaled $349,867, representing just $0.19 per fee area visitor. According to officials at Idaho Department of Parks and Recreation, a fee increase may be in the offing in the near future. In addition, the department is looking for other ways to become more self-supporting. On the drawing board are plans to rent yurts and other gear to campers. Differential pricing is another option. Parks would charge higher entrance and camping fees during peak use periods.

While park receipts from entrance, camping, and concession fees go directly to a dedicated park fund, all monies from the fund must be appropriated to parks by the state legislature. This weakens the incentive for park officials to maximize receipts because they do not have complete control over the revenue raised in parks.

However, Idaho does run several in-park "enterprise operations," which generate revenues from visitors, but avoid the appropriation process. Four of these are marinas equipped with small stores and boating fuel, while another is a recreation area that rents trailer and camping sites and operates a small grocery store. All operations are supported out of the revenues that they generate. Some actually yield a small profit, which can be carried over to the following year. For instance, Heyburn Rocky Point marina with an operating budget of nearly $57,000 in 1996 showed a profit of more than $3,000. According to Stephen Anderson, the department's fiscal officer, "this becomes a good vehicle to provide services where direct revenues can be retained to cover direct costs."[(4)]

The department recently completed a ten-year acquisition, major maintenance and capital improvement plan, which would cost more than $76 million. At present, capital improvements are funded primarily from general tax monies and dedicated funds, but amount to only $1 to $2 million annually. Funds have yet to be earmarked for the department's 10-year plan.

Table 7. Statistics on Idaho State Parks

	Acres (in thousands)	Visits (in thousands)	Receipts (thousands of $)	Budget: Operating (thousands of $)	Budget: Capital (thousands of $)	Budget: Total (thousands of $)
FY 1980	42	2,049	$ 716	$ 3,114	$ 531	$ 3,645
FY 1995	42	2,675	2,762	6,457	1,206	7,663

Source: National Association of State Park Directors

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Montana

Montana State Park System offers an unparalleled richness of the state's natural and cultural resources. Covering over 52,000 acres the park system receives 1.8 million visits annually. The system is divided into 312 fishing access sites, 41 parks, and 12 affiliated lands.

The 1995 operating budget was $4.5 million, a 50 percent increase over the 1980 budget adjusted for inflation. But the capital budget declined 50 percent from 1980 to 1995, dropping to $2.5 million and forcing a rise in deferred maintenance. It is estimated that annual maintenance costs for Bannock State Park alone reach upwards of $4 million. This park is the site of the territorial capital and includes many historic buildings.

The majority of Montana's state park bill is funded by dedicated taxes. In 1995, these taxes accounted for 71 percent of the budget, while revenues covered only 22 percent of total park operations. Still, it is an increase from 1980 when park revenues covered only 9 percent of the budget. Park revenues increased in 1989 with the introduction of user fees, but only 25 of the 41 park units collect entrance fees. All parks with existing campgrounds charge fees of $3 to $9 per night. Only 13 of the 312 fishing access sites charge any camping fee. Arnold Olson of the Parks Division, Montana Fish, Wildlife and Parks (MFWP), claims fishing access sites hurt camp revenues because nonresidents stay in these sites free of charge. In fact, only 15% of overnight campers in the system choose sites where fees are charged.

Montana state parks would like to increase revenue through higher user fees. Park entrance fees have not been increased since 1991. Presently, fees are standard throughout the state and are quite inexpensive--$15 per year for an annual pass or $3 per vehicle visit. Capital improvements have been minimally funded over the last 20 years, but the department is beginning to upgrade facilities. Still, the completion of this maintenance process is largely dependent upon dedicated taxes and general funds.

In addition to raising revenues, some costs have been reduced as a result of the return of some Bureau of Reclamation sites that were being run by the state parks. The state wanted the bureau to make improvements on the sites, while the bureau wanted the state to pay for them. The state simply did not renew the leases after expiration.

Two of Montana's state parks are unique to the budgeting system. These parks earn revenues greater than park operating expenses and keep a portion of revenues for future expenses. These parks link park management to fee generation and visitor services. Hence, the parks are more responsive to visitor needs.

The Smith River State Park is a 61-mile stretch of river down a remote canyon with incredible scenery and fantastic trout fishing. There are 27 boat camps with 53 sites from put-in to take-out. In the late 1980s, river recreation was becoming so popular that campsites were unable to support the large number of visitors during peak periods and the quality of the experience was diminishing. To control the number of floaters and maintain the resource Montana Fish Wildlife and Parks Department (MFWP) began charging a fee in 1991 of $15 per private floater launch up to 15 people and $175 per outfitter launch up to 15 floaters with additional outfitter fees of $15 per staff member and $65 per client per trip.

By 1993, the increasing demand for river access forced the parks department to limit the number of daily launches to nine. Launch dates are allocated by drawing. In 1996, gross revenues of near $100,000 were generated at a cost of $78,500 for staff and monitoring. A portion of these fees ($50 per outfitted client plus 10 percent of all other fees collected) is used for the Smith River Corridor account to help protect the infrastructure and to limit the impact of development in the river corridor In 1996, these fees provided $23,000 to protect the Smith River.

The park's operating budget is comprised of 50 percent earned revenues and 50 percent dedicated taxes (25 percent coal tax funds and 25 percent RV license revenues). Any remaining revenues are returned to the state parks fund.[(5)]

Montana's first state park, Lewis and Clark Caverns, also receives unique treatment from MFWP. The park features one of the largest known limestone caverns in the Northwest. The park provides opportunities for hiking, caving, and camping. Picnic sites, cabins, and a food, beverage and gift concession are also available. Cave tours cost $7 for adults, recently increased from $5.50, and $3 per child. There is an additional entrance fee of $3 per vehicle. Campsites run $9 per site per night and cabins are available for $39 per night, $25 in the off-season. The park receives 75,000 visitors annually, 85 percent of whom tour the cave. User fees bring in nearly $370,000 annually with an operating budget of $250,000. The park budget is funded from earned revenues, general funds and dedicated taxes, proportioned as annually allocated by the legislature. Remaining revenues are returned to the state parks account.[(6)]

In total, Montana's state parks rely heavily on dedicated taxes. MFWP could learn from their own example in the Lewis and Clark Caverns and the Smith River state parks. Linking fee collections with park budgets has made management more responsive to visitor and resource needs. Increased fees and collections in more park units and a link between such fees and park management could assist Montana parks with additional funding for increased park facilities. This is a difficult move for MFWP Present park facilities are primitive and park personnel feel many park structures are inadequate to warrant increased user fees without proper upgrade and innovation.

Table 8. Statistics on Montana State Parks

	Acres (in thousands)	Visits (in thousands)	Receipts (thousands of $)	Budget: Operating (thousands of $)	Budget: Capital (thousands of $)	Budget: Total (thousands of $)
FY 1980	43	1,030	$ 150	$ 1,697	$ 2,990	$ 4,687
FY 1995	52	1,837	1,016	4,544	2,518	7,062

Source: National Association of State Park Directors

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Wyoming State Parks

Wyoming's state park system includes 53 units encompassing 120,000 acres. The system must compete with nearby Yellowstone National Park, but it still manages to attract a little over 2 million visitors a year

Wyoming parks have a long history of being heavily subsidized. In 1995, park fees totaled $427,129, equivalent to only 11 percent of the parks' operating budget. While entrance, camping, and concession fees are charged, these fees are sent directly to the state's general fund, thereby eliminating any motivation for park managers to maximize revenues from user fees.

The $2 per vehicle day-use entrance fee is in line with other state park systems, yet only six out of the 53 units actually charge the fee. In 1995, the park system captured entrance fees from less than a third of the park users. The camping fee is fixed by the legislature at $4 per night, regardless of demand, and is the lowest in the nation. Private concession fees range from one to two percent of gross sales and are also among the lowest in the nation.

Support for higher fees and a dedicated park fund has taken on increased importance in the last few years. State Parks and Historic Sites Director Garry Thorson supports higher fees because he foresees general funding stagnating while costs rise. A bill was recently debated in the legislature that would have increased the current low camping fee to $7 per night, $8 for non-residents and implemented a day use fee of $2 per vehicle at most parks. Importantly, 80 percent of these fees would go to a new enterprise fund dedicated to funding park maintenance. The bill was defeated despite support from the park agency and park advocacy groups. Wyoming State Parks are being squeezed because the legislature won't appropriate any additional general fund money nor allow them the freedom to generate new revenues

Thorson is also planning to bring concession lease fees up to fair market value, which does not require legislative action. Although user fees cover only 11 percent of the operating budget now, the governor has made a statement indicating the parks should strive for 30 percent. Whether this can be accomplished with the legislature completely controlling fees and with no dedicated park fund remains to be seen.

Table 9. Statistics on Wyoming State Parks

	Acres (in thousands)	Visits (in thousands)	Receipts (thousands of $)	Budget: Operating (thousands of $)	Budget: Capital (thousands of $)	Budget: Total (thousands of $)
FY 1980	123	1,249*	$ 96	$ 1,316	$ 614	$ 1,930
FY 1995	120	2,108	427	3,762	3,092	6,854

*1981 figure

Source: National Association of State Park Directors

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Alaska State Parks

At 3.2 million acres, Alaska has the largest state park system in the United States--over two and a half times the size of the second largest system, California State Parks. Alaska also has the single largest state park, Wood-Tikchik State Park. Created in 1978, this 1.6 million-acre park provides critical breeding habitat for Alaska's fish and wildlife, including all five species of Pacific salmon. The management philosophy at Wood-Tikchik and other Alaska parks with natural amenities is one of minimal development and maintenance of each park's special "wilderness" character. In 1995, 4.3 million visitors enjoyed Alaska's 124-unit park system.

Prior to 1988 use of Alaska's state parks had been free. State park operations were supported out of general funds and taxes on resource development, such as oil and gas.(7) In 1988, a substantial reduction in general funds led to the establishment of fees for day-use parking, cabin rentals, camping, and boat launches. In 1995, day-use parking cost $3 per vehicle, cabin rentals were $25 a day, camping fees ranged from $6 to $15, and boat launches ranged from $3 to $5 a day. In addition, annual passes for camping, parking, and boat launches were $75 ($100 nonresident), $25, and $50 respectively. A combination of all three passes cost $135 for Alaska residents.

Park funding has also been secured through commercial use permits. Such permits are required for businesses and individuals that use parks for commercial gain, such as outfitters and film studios, but do not require permanent park structures. Permits are sold on a non-competitive basis for an established rate when there is no limitation on the number of operators. When the state limits the number of operators, competitive bidding for the permits is invoked. Alaska earned $328,000 from commercial permits in 1993, representing 28 percent of the total fee revenues from the parks. (Washington State parks, 1994, 33). Total park revenues have enabled the park system to finance 30 percent of its operating budget. Prudhoe Bay oil taxes provide funds for the remainder.

The park service also uses friends groups and partners to raise funds. The Alaska State Parks Foundation supports the parks and specific projects through grants, membership fees and donations

Parks director Jim Stratton would like to finance 60 to 70 percent of the system's operating budget out of fees, but he sees two problems standing in the way. First, the legislature predicts what the parks will earn each year, and any income above that amount is lost to the state treasury. Consequently, there is little incentive for park personnel to try and increase revenue beyond the legislature's prediction. Second, when parks earn more income than predicted, they automatically lose that amount in general funding the following year giving park personnel a disincentive to raise revenue. On the capital side, funding is very tight, and the deferred maintenance backlog, currently estimated at $20 million, is rising with no obvious solution in the near future.

Table 10 Statistics on Alaska State Parks

				Budget		
	Acres (in thousands)	Visits (in thousands)	Receipts (thousands of $)	Operating (thousands of $)	Capital (thousands of $)	Total (thousands of $)
FY 1980	2,975	3,200	$ 0	$ 2,884	$ 585	$ 3,469
FY 1995	3,242	4,299	1,725	5,478	1,029	6,507

Source: National Association of State Park Directors

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Nevada

Nevada's 24 unit, 148,578-acre system with nearly 3 million annual visitors has minimal visitor services including only ten areas with developed campsites and nine with primitive sites. While in the past Nevada has been dependent primarily on general funds and dedicated taxes, it is trying to move toward greater self-sufficiency.(8) The percentage of the operating budget covered by user fees has increased from 17 percent in 1994 to 22 percent in 1996, and is up from 12 percent since 1980.

The parks are working toward a tentative goal of 34 percent self-sufficiency, which they will attempt to reach by increasing fees and bringing concession lease contracts up to fair market value. Many facilities are park run, but those contracted out receive a return of 3 to 9 percent of gross revenues. Park's Administrator, Wayne Perock, feels that limited park amenities cannot generate substantially increased revenues. Yet he also knows the benefits of shifting away from general funding. As he puts it; "I find as an administrator, the more I move away from general funds, the more flexibility I have".

In recent years some revenue increases have resulted from a restructuring of the fee system to reflect market value. Entrance fees of $3 per vehicle are charged at 19 of the 24 units. Campsites range from $3 to $7, but these fees are paid by the honor system with under 20 percent compliance in some areas. Park managers are looking at ways to automate fee collections in the future.

All revenues generated remain with the agency becoming a part of the budget but increases result in the loss of general funds. Dedicated taxes comprise 24 percent of the budget, and revenues 22 percent, while general funds cover the rest. In addition, there is a \$.50 surcharge on all entrance fees that remains in the park where collected for maintenance of utility systems. Even so, the parks infrastructure follows the national trend-- Nevada parks have a \$30 million backlog.

Due to lack of funds park administrators are finding it difficult to increase services and thereby raise revenues. However, more efficient fee collection in the parks that already collect fees, should be able to more than double present entrance fee revenues.

Table 11. Statistics on Nevada State Parks

				Budget		
	Acres (in thousands)	**Visits** (in thousands)	**Receipts** (thousands of \$)	**Operating** (thousands of \$)	**Capital** (thousands of \$)	**Total** (thousands of \$)
FY 1980	151	3,338	\$ 264	\$ 2,234	\$ 2,970*	\$ 5,203
FY 1995	149	2,874	1,096	5,055	3,584	8,639

Capital budget for 1981

Source: National Association of State Park Directors

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Utah

Utah State Parks and Recreation Department encompasses 47 units that cover 97,000 acres and host nearly 7 million visitors annually. An abundance of recreation opportunities are available at these heritage, scenic and recreation parks.

Although the goal of the park system is to become 40 percent self sufficient in the next five years, revenues covered only 28 percent of park operations in 1995, compared to 24 percent in 1981.(9) Deputy Director Dave Morrow feels that 50 percent is possible. This year alone, the parks have been asked to raise \$900,000 more than they did last year. Fortunately, they have been given some freedom to do so. The park board, not the legislature, establishes fee levels, so the process of raising fees is somewhat expedited. The park system also gets to keep up to 125 percent of generated income from an estimated revenue base. So, up to a certain extent, there is no fear of losing any additional revenue they generate. But funds not spent during the existing year are lost to the General Treasury.

Entrance fees are charged at nearly all parks ranging from \$3 to \$6 per vehicle. An annual permit can be purchased for \$60 allowing cardholder and up to seven guests in the same vehicle entrance into all state parks. A five day pass is available to all parks for \$12 or annual single park permits are available from \$30 to \$50 depending on the park.

The park service runs a central reservation service for all campsites. A non-refundable \$5 reservations fee is charged in addition to the nightly fee. Campsites are available at most parks at a cost of \$5 to \$8 for primitive sites or \$9 to \$15 for developed sites.

Park facilities are run both by private concessionaires and by the park service. Those contracted out are in an effort to contain costs rather than raise revenues. Concession contracts are charged a fee of 2 to 10 percent of gross sales, generating only 3 percent of total park revenues. In 1988, the park system took over management of several of its own golf courses, which had previously been contracted to private interests. These have become profit centers for the parks making nearly $1 million in revenues in 1995, compared to $300,000 before the take-over. Green fees range from $8 for nine-hole and $19 for 18-holes except on the Jordan River nine-hole, par-three course that costs $4.50 on weekdays and $5.50 on weekends and holidays.

On the capital side, however, there is not so much optimism. An approximately $20 million maintenance backlog exists that according to Morrow will severely restrict the parks' ability to reach that 40 percent goal. He is afraid that visitors will have no interest in paying to visit poor facilities. Recognizing the need for additional funding, the Utah state parks have looked to friends groups to help renovate existing structures and build new ones. Donations of over $8 million were received, including more than $1 million of in-kind donations of time, materials, and expertise.

Table 12. Statistics on Utah State Parks

				Budget		
	Acres (in thousands)	Visits (in thousands)	Receipts (thousands of $)	Operating (thousands of $)	Capital (thousands of $)	Total (thousands of $)
FY 1980	69*	6,536	$ 1,253	$ 5,122	$ 6,071	$ 6,193
FY 1995	97**	7,059	4,395	15,654	8,956	24,610

*acreage for 1980

**acreage for 1994

Source: National Association of State Park Directors

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Colorado

Colorado State Parks manage 41 state parks covering 206,000 acres, 131,109 acres of natural areas and 935 miles of trails accommodating nearly 11 million visitors in 1995. The state parks capture all aspects of Colorado's great outdoors including mountain lakes, pristine forests, steep-walled canyons, lazy blue reservoirs, forested campgrounds and roaring waterfalls. Camping, fishing, hiking and water sports are some of the many activities available in the Colorado park system. Most parks are open year-round offering an additional variety of winter activities.

Colorado parks have been over 50 percent self-sufficient since 1980. Entrance fees of $3 per vehicle in all state parks provide the largest portion of revenues. A $30 annual pass is available and a $10 Aspen Leaf pass can be purchased annually by senior citizens allowing free park entry and free week day camping

Revenues are also generated from camping fees of $7 to $12 per night per site for developed sites and $6 to $7 for primitive sites. A centralized reservation service has enhanced camp revenues and improved the utilization of low demand parks during peak season. Park facilities are contracted to concessionaires at a minimum 5 percent of gross revenue. They bring in less than 10 percent of total park revenues.

Because revenues are returned to the parks, there is incentive to maximize revenues. However, legislative approval is required for all park spending and individual park units are not rewarded for revenue generation. For example, Colorado's State Forest State Park, the system's largest park, has the smallest park budget, even though the park generated income of $14,000 in excess of its allocated budget. The park has requested an additional full-time staff member to join the staff of two who manage the 70,000 acre park and funding to upgrade the 20-plus-year-old structures. The requests have been denied, although the park has received funding for a new visitor center.[(10)]

On the capital side, Colorado has set aside funds for park maintenance. Ten percent of the state's lottery income is designated for state park land acquisition, development, and trails projects. This provides dedicated, non-appropriated park funds of $15 million annually. The Great Outdoors Colorado Trust Fund (GOCO) provides additional park maintenance monies. One-half for the state's lottery income is dedicated to the GOCO fund, with 25 percent of this allotted to parks. This capital budget has prevented a large backlog of maintenance needs in the parks from accruing.

Table 13. Statistics on Colorado State Parks

				Budget		
	Acres (in thousands)	Visits (in thousands)	Receipts (thousands of $)	Operating (thousands of $)	Capital (thousands of $)	Total (thousands of $)
FY 1980	166	6,703	$ 2,664	$ 4,973	$ 230	$ 5,203
FY 1995	337	10,949	8,062	14,622	3,462	18,084

Source: National Association of State Park Directors

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New Mexico

New Mexico State Parks and Recreation Division manages 120,000 acres of parklands hosting 4.6 million visitors. The 35 unit system offers diverse recreational opportunities in its lake, mountain, desert and historic parks. Just over 25 percent of park operating costs are covered by park revenues. This share has remained constant over the past 15 years. Park revenues are deposited into the state parks account for budget use the following year with legislative approval. The stability of general funding in the past has left little incentive for fee generation within the parks. And, according to Allen Roybal, Administrative Bureau Chief of New Mexico State Parks, " I don't anticipate any reduction, nor any great increases in parks general funding".[(11)]

Even though all park units charge entry fees of $3 per vehicle per day or $30 for an annual pass, in 1995 entry fees generated only $868,346. Some parks collect fees at entrance stations but many have self-pay "honor" stations. Though never formally studied, these self-pay stations obviously have a low rate of compliance. Efficient year round fee collection could conservatively generate at least $3 5 million annually.(12) This alone would bring revenues close to 30 percent of operations, more than total current receipts.

Other than a $25 million maintenance backlog, which is being slowly dealt with through bonds, the parks are not in dire circumstances, and Roybal says he doesn't foresee any significant changes in the near future.

Table 14. Statistics on New Mexico State Parks

	Acres (in thousands)	Visits (in thousands)	Receipts (thousands of $)	Budget: Operating (thousands of $)	Budget: Capital (thousands of $)	Budget: Total (thousands of $)
FY 1980	72	4,104	$ 570	$ 2,155	$ 4,484	$ 6,639
FY 1995	120	4,649	3,303	11,781	2,497	14,278

Source: National Association of State Park Directors

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Arizona State Parks

Established in 1957, the Arizona State Park System is the youngest in the lower 48 states. Its 43,000 acres is divided among 24 natural, historical, and recreational parks currently open to the public. In 1995, over 2 million people visited Arizona's parks. Red Rock State Park is just one of several specializing in natural amenities and environmental education for school groups and private groups. To protect its 286 acres of fragile vegetation visitors are directed to stay on trails, pack out any trash, and leave pets at home. Swimming and wading are reserved for wildlife. Two parks are currently under development. Kartchner Caverns is reportedly one of the most spectacular underground caves in the world and Sonoita Creek Natural Area contains unique riparian habitat as well as habitat for endangered species. The state is currently developing hiking trails and wildlife viewing areas at the 5,000-acre Sonoita Creek.

Arizona State Parks increased their annual receipts from $1.5 million in 1988 to $4.1 million in 1996 This 173 percent increase can be attributed in large part to the establishment of a dedicated fund for parks to receive all park receipts, according to Leslie Schwalbe, assistant director of administrative services Prior to 1988, all park receipts were deposited in the state treasury. "We now have an incentive to bring more money into the system," Schwalbe says.

Importantly, the rise in park receipts has not resulted in a reduction of general funds to parks as has happened in other states. Arizona Park managers view park fees as an enhancement mechanism, not an offset to general funding, and have implemented a vigorous marketing program. Entrance fees have increased from $1 per vehicle in 1980 to $3 to $5 in 1995, while campsite fees have risen from $2 to $5 in

1980 to $8 to$15 in 1995. In addition, camping fees are higher in popular areas, and for weekend and holiday use. The distributions from the park fund are split equally between the operating budget and the capital budget. Kartchner Caverns State Park has been a recent beneficiary of the capital budget's share. The Arizona State Park System has a deferred maintenance backlog estimated at $50 to $60 million. To address this backlog, a park renovation program began in the early 1990s, averaging $5 million to $6 million a year. About two-thirds of the park renovation fund comes from dedicated sources, the remaining third from park receipts.

Although Arizona has made enormous progress in generating revenues, still more opportunities exist by expanding fees for special services and activities. Currently, there are only two major sources of revenue from parks: entrance fees and camping fees. There are no fees for education programs and special use activities such as hiking, fishing, birdwatching, and boating. Such fees could generate more revenue, as Texas State Parks has proven.

Table 15. Statistics on Arizona State Parks

				Budget		
	Acres (in thousands)	Visits (in thousands)	Receipts (thousands of $)	Operating (thousands of $)	Capital (thousands of $)	Total (thousands of $)
FY 1980	29	2,352	$ 588	$ 2,291	$ 2,986	$ 5,277
FY 1995	43	2,180	3,572	11,567	3,386	14,953

Source: National Association of State Park Directors

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North Dakota State Parks

At 19,900 acres, the North Dakota park system is small in comparison to other park systems, but it still attracts over 1 million visitors a year. The system contains 11 state parks, 8 recreation areas, 7 natural areas and 4 historic areas. The largest park is Little Missouri State Park, which covers nearly 6,000 acres and offers a wilderness experience in the picturesque North Dakota Badlands. Numerous wildlife species, including mule deer, coyote, fox, bobcat and golden eagle can be seen in the park. Horse rentals and guide services are available for those wishing to explore the park's extensive system of hiking and horse trails. All developed and maintained state parks charge entrance and special use fees year-round.

Like many other state parks, North Dakota has experienced cuts in general funds and fee increases since 1980. Entrance fees have increased from $1 to $3 per vehicle, annual passes have increased from $7 to $15 per adult, and camping fees have increased from $3 to $8 for primitive sites and from $5 to $10 for developed sites. From 1980 to 1995, annual allocations from general funds declined 35 percent, but annual park receipts more than doubled, with camping fees making the largest contribution In 1994, fee revenues represented nearly 40 percent of the operating budget compared to just 11 percent in 1980

Revenue from fees goes to a park fund, but must be appropriated back to parks by the legislature In addition, all fee increases must be approved by the legislature and it is expected that fees will remain at the same level for the foreseeable future.

Both operating and capital budgets for park system have been cut modestly for the last three bienniums, according Dorothy Streyle, park system business manager.[(13)] The cut from 1995-97 was 6.3 percent, and the cut for the recent 1997-99 budget was 3 percent. Thus far, no staff reductions or park closures have resulted from the cuts. Some of the larger parks utilize "volunteers in parks" to maintain activities and needs that cannot be met otherwise. The estimated maintenance backlog entails no new construction, only repairs, and ranges from $500,000 to $2 million.

Table 16. Statistics on North Dakota State Parks

				Budget		
	Acres (in thousands)	Visits (in thousands)	Receipts (thousands of $)	Operating (thousands of $)	Capital (thousands of $)	Total (thousands of $)
FY 1980	16	1,013	$ 298	$ 2,818	$ 959	$ 3,777
FY 1995	20	1,042	718	1,841	1,170	3,011

Source: National Association of State Park Directors

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South Dakota State Parks

South Dakota's park system with 77 units, 92,700 acres, and 7.7 million annual visitors annually is also striving to become self-supporting.[(14)] In 1980, park receipts totaled $1.3 million, equivalent to 44 percent of the operating budget for parks. By 1995, park receipts totaled 5.9 million, equivalent to 82 percent of the park system's operating budget. According to Supervisor of Visitor Services, Marty Dewitt, South Dakota Parks are moving toward more of a user pay system.

The entrance fee structure has changed from $2 per vehicle in the early 1980s to the current $2 per person. Camping fees have risen from $4 to $5 a night for developed sites in 1980 to the current rate of $7 to $11 a night. Future plans call for setting higher fees for preferred campsites. In addition, there are new revenue programs, including RV rentals, tent and tepee villages, and state park stores.

A reservation system for campsites was set up in 1995. Non-resident campers must pay a $5 non-refundable reservation fee. The fee is waived for South Dakota residents. Full payment for the entire stay must be paid in advance.

Park receipts are dedicated to operation and maintenance support, and are annually appropriated by the parks commission rather than the legislature. The Division of Parks and Recreation is undergoing reorganization and functional changes in order to cut costs. The park system has a deferred maintenance backlog of $15 million, and growing. No funds have been appropriated to address these maintenance needs in the last two years.

Because of its size, South Dakota's 73,000-acres Custer State Park has its own division, separate from the Division of Parks and Recreation. The Division of Custer State Park is self supporting in its operations The park charges a $3 per person entry fee or $8 per vehicle. All revenues earned by the park are put into a revolving fund held exclusively for Custer State Park. Annual appropriations are returned to the park via legislative approval, but the park generally receives what is requested and any additional funds are maintained in the fund, with interest, for Custer State Park.

Table 17. Statistics on South Dakota State Parks

				Budget		
	Acres (in thousands)	Visits (in thousands)	Receipts (thousands of $)	Operating (thousands of $)	Capital (thousands of $)	Total (thousands of $)
FY 1980	90	4,573	$ 1,305	$ 2,990	$ 1,307	$ 4,297
FY 1995	93	7,712	5,880	7,209	2,892	10,101

Source: National Association of State Park Directors

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Oklahoma State Parks

The Oklahoma State Park System contains 56 units which cover about 72,000 acres. In 1995, over 15.5 million people visited the system. Robbers Cave State Park and Arrowhead State Park exemplify the amenities available. Robbers Cave enjoys notoriety as being one of the former hideouts of Jesse James and Belle Starr. It includes three small lakes as well as 8,246 acres complete with 26 cabins (with fireplaces), five camping areas (117 campsites), a nature center, an amphitheater, the 12-mile Robbers Cave Hiking Trail, a grocery and cafe and a gift shop. Arrowhead encompasses 2,202 acres plus 102,500-acre Lake Eufaula which offers fishing, boating, and swimming. Other amenities include 214 campsites, a horse stable, and the 3-mile Outlaw Trail.

Oklahoma charges no park entrance or activity fees, yet in 1994 the parks generated $18 million, accounting for 58 percent of the system's operational budget. Revenues come from fees and rentals for RV sites, cabins, campsites, lodges, marina use, nine off-site golf courses, as well as concessions Concession leases return an average of 5 to 10 percent of gross sales to the parks. In addition, some parks earn oil and gas royalties. Partnerships, and volunteers are being used to keep costs down

Recent budget cuts forced a reduction in full-time staff, while the Oklahoma Parks Commission attempted to raise revenues with a state-wide increase in camping utility fees for electricity, water and sewer hook-ups. Fees are standard at the state parks, but vary to reflect available amenities and seasonal demand. Campsites range from $6 to $13 with an additional utility fee of $3 and $4, shoulder and peak season respectively. Disabled persons and senior citizens receive a 50 percent discount on site rates, but there is no discount on utility fees.

Oklahoma State Parks benefit from direct access to park-generated-revenue without going through appropriations. On the negative side, however, general fund allocations to the parks automatically go down as park revenues go up. This financing structure effectively eliminates the incentive for park personnel to find additional revenue sources, such as entrance fees. Capital improvements are funded mostly from bonds, however, the Oklahoma state park system struggles with a substantial backlog of facility maintenance needs, currently estimated at $100 million.

Table 18. Statistics on Oklahoma State Parks

	Acres (in thousands)	Visits (in thousands)	Receipts (thousands of $)	Budget: Operating (thousands of $)	Budget: Capital (thousands of $)	Budget: Total (thousands of $)
FY 1980	95	18,295	$ 9,701	$ 10,644	$ 2,054	$ 12,698
FY 1995	72	16,613	17,800	30,600	1,255	31,855

Source: National Association of State Park Directors

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Nebraska State Parks

Nebraska State Parks cover 134,000 acres divided among 87 units, which attract roughly 9 million visitors a year. In the face of stagnating general fund support, this park system has managed to increase park funding. Revenue from fees has increased more than sixfold to over $10 million, while general fund support has hovered between $3 and $4.5 million a year during the same period. In the early 1980s, general funds provided 70 percent of the operating budget, but more recently revenues from fees have covered 95 percent of the operating costs.

The parks have raised revenue from users through new fee-based services, fee hikes and the introduction of entrance fees for all of the system's 86 operating units. In 1980, only 42 percent of the total number of visitors to Nebraska State Parks paid entrance fees. In 1994, all visitors to the system paid entrance fees. Entrance fees at Nebraska parks include a per-vehicle charge of $2.50 or an annual park pass of $14 (seniors free). Camping fees range from free to $7 for primitive sites and $6 to $13 for developed sites. Special activities include horse trail rides for $10, jeep rides for $6 ($4 for children), hay rides for $2, hay ride breakfasts for $7, and a buffalo stew hoedown for $6 ($4 for children). In addition, the park agency runs its own restaurants and lodging facilities, which contributed over $3.5 million in 1995, or 34 percent of total revenues. The donation of private land and capital has also helped the system make significant strides in raising revenue.

All receipts collected in the parks are held in a trust fund earmarked for park use only. Hence, park managers know that by collecting fees they have a reliable source of funds. However, as the cash balance rises, currently at $7.2 million, park administrators worry about the fund being raided for non-park uses. Even so, the system has an accumulated backlog of capital maintenance of $1 million. The attempt to diminish this is an ongoing process. According to Nebraska Parks Administrative Assistant, Dorothy Porath, they are always trying to catch up. The parks have been unsuccessful in attempts to have a legislated deferred maintenance program.

Table 19. Statistics on Nebraska State Parks

				Budget		
	Acres (in thousands)	Visits (in thousands)	Receipts (thousands of $)	Operating (thousands of $)	Capital (thousands of $)	Total (thousands of $)
FY 1980	131	7,282	$ 1,476	$ 5,784	$ 1,717	$ 7,501
FY 1995	134	9,023	10,677	11,321	952	12,273

Source: National Association of State Park Directors

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Kansas State Parks

The Kansas state park system provides some interesting contrasts with that of neighboring Nebraska. At 324,000 acres in 146 units, it is more than twice the size of Nebraska's system. The state legislature strictly controls all funding for the parks, including park receipts, and has recently imposed some major budget cuts. The number of permanent park employees was reduced, resulting in an increase in contract and seasonal labor, and a decrease in mowing, cleaning, equipment purchases and maintenance.

Another problem has been entrance fees. In 1994, Kansas had 83 percent as many visitors as Nebraska and collected entrance fees that were only 40 percent of those collected by its neighbor. Attendance at "fee areas" represented only 54 percent of the total number of visits at Kansas State Parks compared to 100 percent at Nebraska parks. The legislature's tight control of park receipts may partially explain why the parks have not been more aggressive about fee collection.

In addition, Kansas has not been able to respond to its park maintenance needs as effectively as Nebraska In 1994, Kansas State Parks had an estimated backlog totaling $15 million compared to $1 million at Nebraska State Parks.

A further blow came in 1995 when dedicated funds from license plate revenues were eliminated. These funds had accounted for 31 percent of operations in 1994. Presently, revenues cover about 40 percent of the park system's operating budget. However, it is expected though not yet finalized, that general funds will decrease substantially and zero out by the year 2000.

To survive in this budget climate, Kansas State Parks has implemented a variety of money-saving projects. Staff reductions and early closures have saved some funds. Pick-up trucks for basic maintenance and hauling have been replaced with much cheaper golf carts. Self-pay "honor" stations have been added at some areas and their use may be expanded. Longer stays at discounted rates, special events, grants, volunteers, and park friends groups have all played a part in reducing costs and raising revenues.

The legislature would like the state park system to earn a larger share of its budget, and park officials are looking to other states for new ideas on how to become more self-sufficient. A dedicated park fund such as the one in Nebraska would help, or better yet, a program like the one in Texas would provide stronger incentives for revenue generation.

Table 20. Statistics on Kansas State Parks

				Budget		
	Acres (in thousands)	Visits (in thousands)	Receipts (thousands of $)	Operating (thousands of $)	Capital (thousands of $)	Total (thousands of $)
FY 1980	29	4,342	$ 1,139	$ 2,453	$ 1,697	$ 4,150
FY 1995	324	12,219	2,551	5,908	0	5,908

Source: National Association of State Park Directors

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Indiana State Parks

Founded in 1916, Indiana State Parks has 23 units encompassing about 59,000 acres with nearly 11 million visitors a year. Richard Lieber, the so-called father of the Indiana park system believed that parks should fund themselves as much as possible out of user fees (Tilden, 1962, 23).(16) During his tenure, Indiana's parks funded most of their expenses out of per-person admission fees. But after World War II, state park managers, including Indiana's, began to rely more and more on taxpayer support. In the early 1980s, over 50 percent of the operating budget for Indiana parks came from general funds.

In recent years, however, Indiana's park managers have re-dedicated themselves to relying more on user fees for support of park operations. From 1980 to 1995, the parks' operating budget more than doubled to $13.5 million, primarily the result of higher revenue from fees. In 1995, revenue totaled $9.8 million, or 73 percent of the operating budget. More visitors to parks and higher park fees were the contributing factors. Visitation grew by about 3 million over this period. Day-use entrance fees and the annual parks pass increased from $1.25 to $2 and from $10 to $18, respectively. Camping fees increased from $4 to as high as $11 for developed sites, and from $3 to $7 for primitive sites.

All revenue raised from park fees goes into a special fund dedicated to park operations. thereby providing park managers an incentive to raise revenue, but such revenues must be reappropriated by the legislature Like most state park systems today, there is still not an adequate funding mechanism in place to ensure stable capital funds (Table 11.). Currently the capital budget is provided from general funding and cigarette tax revenues.

Table 21. Statistics on Indiana State Parks

	Acres (in thousands)	Visits (in thousands)	Receipts (thousands of $)	Budget: Operating (thousands of $)	Budget: Capital (thousands of $)	Budget: Total (thousands of $)
FY 1980	54	7,691	$ 3,770	$ 6,457	$ 7,284	$ 13,741
FY 1995	59	10,700	9,780	13,505	1,077	14,582

Source: National Association of State Park Directors

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Michigan State Parks

Michigan State Parks attract nearly 24 million visitors a year. There are 96 state parks to choose from, encompassing 265,000 acres. Natural amenities abound in the park system, including scenic inland waterways, freshwater coastal sand dunes, old growth forests, wilderness peaks, and Great Lakes shoreline. One of the parks, Mackinac Island State Park, has the distinction of being America's second national park, established in 1875 (after Yellowstone). Mackinac became Michigan's first state park in 1895, following action by Congress which transferred Mackinac National Park to the state

Michigan's state park system has undergone a dramatic change in financing in recent years In 1980, the general funds allocated to the parks totaled $8.8 million, accounting for 56 percent of the division's operating budget. In 1994, general funds totaled $7.2 million, accounting for less than 25 percent of the division's operating budget.[17] Annual park receipts have more than offset declining general funds. In 1980, receipts totaled $9.1 million, accounting for 58 percent of the operating budget. In 1994, receipts totaled $23.9 million, or 78 percent of the operating budget.

The rise in park receipts came about mostly through fee hikes with park entrance fees increasing from $2 to $4 per vehicle, annual park passes increasing from $7 to $20 per adult. The annual park pass or a daily permit are required for entry into all Michigan state parks. Camping fees increased from $2 to $6 for primitive campsites and from $6 to as high as $16 for developed campsites. Reservations can be made for all state park campsites for a $5 reservation fee.

The legislature controls spending for parks, including spending from park receipts, with one very important exception. A portion of the proceeds from park fees and some seed money from general funds are now being allocated to a voter-approved park endowment fund. This fund will collect $10 million in state mineral, oil and gas revenues annually as well as a portion of the proceeds from park fees and seed money from general funds until it reaches a total of $800 million. In addition, the park division is hoping that the legislature will put an additional $40 million into the fund if a plan to privatize the workers' compensation program goes through thereby freeing up some general funds The endowment fund will automatically provide $5 million to the annual operating budget for parks until it starts earning more in interest. Presumably, parks will then get the full amount of interest earned annually

Michigan's park division believes it now has an adequate safeguard against further reductions in general funds support of parks. While it has a sizable deferred maintenance backlog, estimated between $200 million to $400 million, the park division is in the process of determining how to address this backlog.

Table 22. Statistics on Michigan State Parks

				Budget		
	Acres (in thousands)	**Visits** (in thousands)	**Receipts** (thousands of $)	**Operating** (thousands of $)	**Capital** (thousands of $)	**Total** (thousands of $)
FY 1980	244	21,426	$ 9,139	$ 15,666	$ 4,978	$ 20,644
FY 1995	265	23,594	23,870	30,682	6,688	37,370

Source: National Association of State Park Directors

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Alabama State Parks

Alabama's 24 unit, 49,700 acre park system attracts over 6 million visitors a year. In 1988, the park system took over the management of highly profitable state-owned resorts and golf courses. Park operating expenditures more than doubled after the take-over but revenues more than tripled. Park entrance fees have also risen from $.25 per person in 1980 to $.75 per person in 1995, and camping fees have increased from $2 for primitive sites to as much as $8, while developed sites that had a $8.50 maximum price in 1980 now reach as high as $25. Fees are collected from 64 percent of park visitors compared to only 41 percent in 1980. As a result, the park system as a whole is about 85 percent self-supporting in terms of operations.[18] Friends groups, corporate partnerships, and volunteers have also provided money-saving services to the parks.

Park revenues must pass through the budget process which requires legislative approval but all park receipts are earmarked for parks in a revolving fund and can be spent at the discretion of Alabama parks after budgeting.

While the parks are able to finance most of their own operations, general funds were eliminated in the 1995/96 budget and prospects for future general fund appropriations are uncertain. Park Director Gary Leach must still cope with a $50 million deferred maintenance backlog. Unless addressed, he fears that the deteriorating facilities will detract from the quality of the park experience, thereby attracting fewer visitors and generating lower revenues.

Table 23. Statistics on Alabama State Parks

	Acres (in thousands)	Visits (in thousands)	Receipts (thousands of $)	Budget: Operating (thousands of $)	Budget: Capital (thousands of $)	Budget: Total (thousands of $)
FY 1980	48	6,506	$ 5,960	$ 8,200	$ 4,738	$ 12,938
FY 1995	50	6,213	25,105	28,734	75	28,809

Source: National Association of State Park Directors

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South Carolina

South Carolina's 56 unit, 82 million acre system is host to over 10 million visitors annually. Chief of Park Operations Freddie Parkman attributes the demand to the amenities offered by the parks.[19] The parks provide nearly 3,000 campsites, 155 cabins, four restaurants, three golf courses, three marinas, five pools and two stables.

Over the years general funds have contributed just over 30 percent of the parks' operating budget with park revenues making up the remainder. All park receipts are returned directly to the parks operating budget without legislative appropriation.

From 1980 to 1995, the operating budget increased 50 percent above inflation, but general funds have also continued to rise above the rate of inflation. However, park revenues made up the bulk of the increase in the operating budget. The park runs its own facilities which make up nearly 56 percent of the revenues. Entrance fees are charged at only 15 of the 56 park units bringing in only 9 percent of 1995 park revenues.

Capital expenditures, on the other hand, have declined 38 percent creating a maintenance backlog for the parks just shy of $30 million. Usually addressed through bond referendum it has been years since the park capital fund has received new money.

South Carolina's state parks have had stable operating funds over the years with the ability for the system to use its own receipts and general funds making up any difference in the budget. Increased incentive for revenue generation could enable the system to be operationally self-sufficient, but the capital side continues to stand in dire need.

Table 24. Statistics on South Carolina State Parks

	Acres (in thousands)	Visits (in thousands)	Receipts (thousands of $)	Budget Operating (thousands of $)	Budget Capital (thousands of $)	Budget Total (thousands of $)
FY 1980	68	12,718	$ 4,445	$ 7,687	$ 4,868	$ 12,555
FY 1995	82	10,565	14,264	20,662	5,352	26,014

Source: National Association of State Park Directors

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Kentucky

Kentucky State Park System covers nearly 43 million acres in 47 units and receives nearly 30 million visitors annually. The system maintains 16 resort parks with lodges, golf courses, dining rooms and gift shops. Fourteen also have cottages. All of these facilities are park run as profit centers for the park system.

The operating budget is made up of park revenues subsidized by general funds for any shortfall. Kentucky state parks have brought in at least 60 percent of operating expenditures since 1980.[20] In the early 1980s half of the operating budget was comprised of dedicated funds. Dedicated funding has since been eliminated from the park budget.

Kentucky State Parks charge no entry fees, the bulk of revenues come from accommodations and other park run facilities. While all revenues generated in the parks are returned to the park system for reallocation, the balance of the budget is offset by general funds. Unless general fund support is threatened, the incentive to further raise revenues is minimal.

A portion of user fees go toward renovation and capital maintenance but with just over $2 million in the fund the parks have a long way to go to take care of the $30 million maintenance backlog.

Table 25. Statistics on Kentucky State Parks

	Acres (in thousands)	Visits (in thousands)	Receipts (thousands of $)	Budget: Operating (thousands of $)	Budget: Capital (thousands of $)	Budget: Total (thousands of $)
FY 1980	41	29,758	$ 23,427	$ 38,789	$ 8,494	$ 47,283
FY 1995	43	28,948*	43,835	60,983	8,564	69,547

*visitation for 1994

Source: National Association of State Park Directors

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Arkansas

Arkansas State Park System covers 50,000 acres of lakes, archeological sites, historic museums and sites, coastal plains, and mountain scenery. The parks offer more than 20,000 special events, programs and activities in their 66 unit system. All facilities are run in-house providing numerous guest services. Arkansas' legendary Petite Jean State Park provides cabins and lodge rooms, conference and meeting rooms, camping, hiking trails, a recreation hall, restaurant, swimming pool and boat rentals. Interpretive programs explain ecological and cultural history of the park.

Historically, Arkansas' park system was financed by general funds at about 50 percent and park generated funds at 40 percent, with federal funds making up the balance. By 1995, park revenues had expanded to cover almost 60 percent of park operations. Camping and lodging facilities brought in over 40 percent of these revenues, and park events, programs and activities brought in about 30 percent

Arkansas parks have no entry fees, they were initiated in 1994 but quickly rescinded. Campsites range in price from $5 to $15 per site per night depending upon amenities and there is a 50 percent discount during the winter months. Cabins and lodge rooms range from $45 to $110. To encourage mid-week business, Sunday through Wednesday stays are discounted to four days for the price of three. A few of the parks have resorts with complete accommodations, including tennis courts and golf courses. Green fees range from $11 to $12 for 18 holes.

Numerous activities are available in the parks, many require a fee; interpretive barge tours cost $5 per adult, $2.50 for children; walking tours are $6.50 per adult, $3.25 per child; and canoe and float trips begin at $4 per person. Pedal boats, canoes, fishing boats and motor boats are available. Boat rentals range from $6 to $30 per day and marina slips can be rented for $5 a day or $35 to $60 per month. Museum fees range from $1.50 to $7 per adult, $1 to $4.50 per child and pools charge a standard $2 per person per day.

Park revenues are retained in a cash fund for exclusive park use, but legislative appropriation is required for all park spending. The bulk of Arkansas state park revenues are generated from park run facilities and activities.

To further raise revenues in light of decreasing general funding the Department of Parks and Tourism has begun partnership programs, working with corporate sponsors, and creating various interpretive tours such as "Wild Outdoor Woman (WOW)", "Eagles Et Cetera" and "Bat-o-rama" eco-tours charging from $50 to $100 per person per day. The department has also initiated various running and bicycling competitions with entry fees from $10 to $20 per person. As Arkansas State Parks Director, Greg Butts said: "It's been an evolution, running things more like a business."

In 1996 a conservation amendment passed dedicating nearly half of a one-eighth of a percent sales tax for park use.(21) The dedicated funds are to be in addition to existing park funding, estimated to generate $18 million for parks in its first year. Day to day operations will receive 13 percent of the new park funding, with the remainder designated for capital expenses, major maintenance and land acquisition. Capital expenses are estimated to equal $177 million over the next ten years.

Arkansas State Parks have been extraordinarily innovative in user fee generation. The new dedicated taxes will enhance expenditures for park operations, but also help defray critical capital costs.

Table 26. Statistics on Arkansas State Parks

				Budget		
	Acres (in thousands)	**Visits** (in thousands)	**Receipts** (thousands of $)	**Operating** (thousands of $)	**Capital** (thousands of $)	**Total** (thousands of $)
FY 1980	42	5,786	$ 4,575	$ 11,844	$ 2,986	$ 14,830
FY 1995	51	7,491	12,647	22,556	2,450	25,006

Source: National Association of State Park Directors

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West Virginia State Parks

West Virginia's park system contains 52 units encompassing almost 200,000 acres. It attracts approximately 9 million visitors a year. Since 1980, park revenues have accounted for nearly 60 percent of the system's operating budget, with general funds and lottery receipts making up the rest of the budget.(22) In the last few years park revenues have accounted for an even greater share of the operating budget. In 1995, the parks collected fees nearly $15 million or 62 percent of the operating budget.

Interestingly, West Virginia parks do not rely heavily on entrance fees, which at $1 per vehicle, totaled only $19,095 in 1995. The lions share of revenue comes from camping and lodging fees. District Administrator Doug Baker says that the revenue increase in recent years cannot be attributed to modest fee increases, but rather to increased overall advertising--especially at historically low use times of the year. For example, winter packages can be made quite attractive and thus increase visitation at a time of the year that was previously slow.

Savings have also been generated through staff and vehicle reductions, and energy audits at individual parks. Baker notes that the park system strives to become as efficient as possible and to generate as much revenue as possible. Most importantly, park revenues are retained in a park fund with spending controlled by the Department of Parks and Recreation rather than the legislature.

The parks are about two years behind in capital maintenance needs. Each park has a five year maintenance plan with an estimated $10 to $15 million in capital projects. The parks have been allotted some lottery proceeds to address infrastructure repair and maintenance needs.

Table 27. Statistics on West Virginia State Parks

				Budget		
	Acres (in thousands)	**Visits** (in thousands)	**Receipts** (thousands of $)	**Operating** (thousands of $)	**Capital** (thousands of $)	**Total** (thousands of $)
FY 1980	149	8,206	$ 6,626	$ 11,165	$ 5,611	$ 16,776
FY 1995	199	9,082	14,961	24,279	2,385	26,664

Source: National Association of State Park Directors

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New Hampshire State Parks

The New Hampshire state park system encompasses over 50,000 acres of land for public recreation. It includes 42 state parks, 12 historic sites and 6,000 miles of trails that attract more than 1.2 million visitors a year.[(23)] Natural areas within the system are nationally recognized with several sites listed on the National Register of Natural Landmarks. In addition, most of its historic sites are either National Historic Landmarks or on the National Register of Historic Places.

New Hampshire has been a pioneer when it comes to operating self-sufficient parks. In April 1991, amidst a growing general fund crisis, the state legislature passed an act requiring the park system to finance its operating budget through internally generated funds. The change in funding was cushioned by the fact that park income had actually exceeded operating expenditures for the three prior years. However, park receipts were handed over to the state treasury, breaking the direct link between money earned and money spent. It is this link that provides a critical incentive for park managers (Lapage 1995, 29). The 1991 act restored that link by establishing a park fund to receive park earnings. The fund is dedicated to parks, and monies are carried over from year to year. This funding structure provides assurance to park personnel that the money is available to the parks and is also an incentive for them to maximize revenues. Innovation has been key to New Hampshire's success at earning a large portion of its operating budget. It was the first park system to implement differential pricing for campsites, taking into account the level of amenities and popularity of a site. In addition, it was one of the first park systems to institute per-person entrance fees. As of 1996, prices for campsites ranged from $12 to $30 and entrance fees were $2.50 per adult. The annual pass to all state parks is $35. Children twelve years and under and resident adults over sixty-five are admitted free. Non-résident seniors pay $35 for an annual pass.

Adjusting user fees was just one way to help achieve self-sufficiency. The relatively small size of the park system requires that it experiment with a variety of approaches, according to Wilbur LaPage, former Director of the New Hampshire Division of Parks and Recreation. For example, the parks have an extensive donor program and an ever growing system of partnerships with companies (LaPage 1995), both of which have proved highly valuable. In 1992, volunteers contributed $2.8 million in labor and private funds.

A prime example of partnership success is the recent agreement with PepsiCo. Through a competitive bid process, New Hampshire offered exclusive rights for five years to sell soft-drink and related beverage in all the state parks. PepsiCo won the bid with a commitment to fund an education and awareness program for the state parks. One result has been an album of songs about New Hampshire and its parks and a concert series highlighting these songs. Another result of the program has been a collection of park activity books featuring Chumley Chipmunk. Chumley also visits parks promoting safety and environmental education. None of these products or events would have been affordable without the partnership with PepsiCo.

The ability of New Hampshire parks to consistently fund themselves operationally has meant that some capital costs have been moved over to parks for internal funding. Allison McLain, Director of Recreation Services, says the current backlog of park maintenance and capital projects maintenance is manageable, averaging approximately $333,000 per park, but growing.

Table 28. Statistics on New Hampshire State Parks

				Budget		
	Acres (in thousands)	**Visits** (in thousands)	**Receipts** (thousands of $)	**Operating** (thousands of $)	**Capital** (thousands of $)	**Total** (thousands of $)
FY 1980	70	3,662*	$ 2,245	$ 3,721	$ 5,555	$ 9,276
FY 1995	75	1,178*	4,933	4,933	2,055	6,988

*A change in visitor count now underestimates total total park visitation by counting only fee paying visitors. Those underage, resident senior citizens, off-season visitors or visitors of one of the few primitive parks in the system, are no longer counted.

Source: National Association of State Park Directors

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Vermont State Parks

Like it's neighbor, Vermont too has established an impressive record of self-sufficiency for its parks. The 64,000-acre park system comprised of 33 parks and 14 forests is enjoyed by nearly 900,000 visitors annually. And since 1993, operations have been entirely funded out of park user fees and other state-owned facilities that generate revenue for parks. This is a significant change from 1980 when nearly 40 percent of the operating budget was covered by general appropriations.

Increased fees, downsizing, and marketing have been instrumental in helping the parks reach self-sufficiency. Vermont charges a per-person entrance fee of $2.00 per adult and $1.50 for children ages four through thirteen. Children age three and under are admitted free. Senior citizens and disabled persons presenting a Green Mountain Passport are also admitted free (there is no charge for the passport but it must be obtained prior to park visit). The annual pass to all parks is $75 and camping fees range from $11 to $17.

The park also relies on so-called profit centers at state-owned facilities other than parks, in this case seven ski areas. The ski concessions yield an average of 8 to 12 percent of their gross receipts to the parks and provide 45 to 50 percent of the operating funds for the park system. Park entrance and other fees cover the remainder.

All revenues are placed in a park fund, with a portion set aside in a special revolving fund for periods of poor weather when revenues are low or when major maintenance is needed. One advantage of the revolving fund has been the ability of the parks to make capital improvements, currently estimated at $2 million. For example, the Department of Fish, Parks, and Recreation spent six years trying to obtain funds to renovate a deteriorating bathhouse at Emerald Lake State Park. The state health department then declared that it would not certify the facility without proper improvements. Ultimately, it was money from the revolving fund that was used to completely rebuild the bathhouse.

Even so, the parks have accrued a $2 million backlog in deferred maintenance needs. Addressing capital expenditures is the only source of tax dollars that reach the parks. But the legislated capital budget falls short of meeting these needs.

Table 29. Statistics on Vermont State Parks

				Budget		
	Acres (in thousands)	Visits (in thousands)	Receipts (thousands of $)	Operating (thousands of $)	Capital (thousands of $)	Total (thousands of $)
FY 1980	157	1,211	$ 1,451	$ 2,022	$ 400	$ 2,422
FY 1995	64	828	4,933	4,800	253	5,053

Source: National Association of State Park Directors

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Conclusions

In a poll of state park directors, the Conservation Foundation found the top three concerns of directors to be issues related to the lack of funding (Myers and Green, 1989). State governments face ever increasing demands on their resources, which has been coupled with renewed demands for fiscal responsibility. In this situation, state parks have often been one of the first government agencies to feel the crunch.

Although parks are often credited for reduced crime and boosts to local economies, they have not been able to compete with other social needs for general funding. As a result, our parks have often been sacrificed.

The varied funding ideas and programs, both old and new, of the park systems across the country provide a valuable laboratory of ideas that can be used to plan for future park management. General fund appropriations will not likely increase in the future, and responsible park managers need to search for alternative revenues. It is imperative for the future of our parklands to provide a stable source of funding that will enable park managers to not only do their jobs in a responsible manner, but to perform at the highest possible level to protect and enrich our parks.

Many examples show promise. Corporate sponsorships, volunteers, and "friends" groups are not new ideas, but show renewed potential when given proper innovations. Per person entry fees rather than per vehicle fees have been successfully implemented in New Hampshire, Vermont, South Dakota, and Texas to generate additional fee revenues. Other user fees for various special uses such as environmental interpretation programs have raised much needed revenues at many parks. Increased fee collection efficiency can substantially raise park revenues as in Nebraska. In 1994 fees were collected from all Nebraska parks more than doubling the entrance fee revenues from 1980 when just over half the park units charged entry fees. Parks where it is not cost-effective to have permanent fee collection staff on site in all units could sell day-use permits via mail or thru nearby convenience stores or gas stations. Enforcement mechanisms can include random checks with fines for violations similar to checks for valid hunting and fishing licenses.

Other examples include flexible pricing to reflect variable demands for different parks and services, and central reservation systems for camping. Both have helped parks not only raise additional revenues, but also disperse congestion and enhance visitation to previously under utilized sites. In Texas, 30 percent of the visitors who could not reserve their first choice campground, agreed to an alternative within the park system when offered the option.

Allowing bids on commercial use permits and concessions has helped defray park administration costs and provide quality guest services. While states such as Vermont have found off-site concessions to be great revenue generators,(24) others states such as Alabama and Arkansas have found park-run concessions to generate both revenue and cost savings.

Texas provides one of the most striking illustrations of institutional reforms to ensure the future financial stability of its parks. Thus far, incentive changes for park managers have led to increased revenue and cost savings, and yet not limited the ability of the average Texan to enjoy the parks. Flexible pricing to reflect seasonal and locational demand shifts, per-person charges (that are still less than the price of a movie), and high-end services that cater to those willing and able to pay for them allow the market to work and yet benefit the resources themselves.

On the capital side, the picture is not so rosy. Dedicated funds, such as Colorado's GOCO dollars, have kept some parks out of trouble. But dedicated funds are not the panacea they appear to be. They are susceptible to political maneuvering and are a target for politicians looking for money as occured in Oregon. In three of the five state park systems that have relied heavily on dedicated funds, the source has declined or been eliminated as budgets have gotten tight.(25) Bond referendum and certificates of participation have taken care of portions of park maintenance backlogs, but aren't sufficient to consistently maintain capital expenditures. This picture could change if more park systems became operationally self-sufficient thereby freeing up more tax money for capital budgets.

As an added boost to capital budgets, PERC recommends the establishment of a park endowment funds for capital improvements and repairs. Annual contributions could come as a percentage of revenues in excess of operating costs, donations, and sale of corporate sponsorship rights like those in New Hampshire parks. The fund could invest in liquid instruments such as high quality stocks and bond funds to achieve an acceptable rate of return. Interest from the fund could be used to fund annual repair, renovation, and construction. Such a fund would be under total park agency control with interest to be spent at agency discretion.

One of the common arguments against the user supported parks is that public parks were created for public use--for all to enjoy for free. In times of prosperity, adequate surplus money may have enabled such a noble objective to occur in some states. In energy rich states like Wyoming, Texas, and Alaska, that was most certainly the case. Today, it is obvious that new fiscal economic realities warrant change. Free or below-cost user fees, and the dwindling size of general fund coffers have simply not been able to support the proper management of our parks and certainly will not be able to meet their future needs. Parks can move forward with changes, learn from other programs, and lead the way with their own innovative ideas, or they can maintain the status quo and watch their systems decline and fail. As the more self-sufficient parks demonstrate, such change does not necessitate the sacrifice of parks' original mission of protecting historical, cultural, and natural resources. What is apparent from the historical reliance on general funds, however, is that parks cannot be managed properly when personnel are uncertain if they will have a job the following year, and park facilities and resources are allowed to become so debilitated that it is difficult to attract visitors.

Notes

1. Unless otherwise cited, information in this section was gathered in February, March, and September, 1996, phone interviews with California Department of Parks and Recreation Deputy Director for Administration Denzil Verardo, and Becky Brown and Allen Fujii, Budget Section, and Ken Colombini, Assistant Deputy Director of Communications.

2. Telephone interview with Mike Clarey, Washington State Office of the Treasury, October 21, 1996.

3. Unless otherwise cited, information in this section was gathered in February and November, 1996, telephone interviews with Oregon State Parks Operations Analyst Steve Johansen.

4. September 17, 1996, letter from Stephen L. Anderson, Fiscal Officer, Idaho Department of Parks and Recreation.

5. Personal interview, Doug Haberman, Montana Fish Wildlife and Parks Department, Great Falls, Montana, February, 1997.

6. Personal interview, Jim Domino, Assistant Superintendent, Lewis and Clark Caverns, Montana Fish, Wildlife and Parks Department, February, 1997.

7. Unless otherwise cited, information in this section was gathered in April and November, 1996, phone interviews with Jim Stratton, Director, Alaska State Parks.

8. Unless otherwise cited, information in this section was gathered in a March and October, 1996, phone

interviews with Wayne Perock, Administrator, Nevada.

9. Unless otherwise cited, information in this section was gathered in a April and September, 1996, phone interview with Dave Morrow, Deputy Director.

10. Information gathered in phone interviews with Ron Dellacroce and Bubba Haley, Colorado State Forest State Park, July and April, respectively, 1996, and Ralph Schnell, Colorado Division of Parks, July, 1996.

11. Information gathered in phone interviews with Allen Roybal, Administrative Bureau Chief, New Mexico State Parks, November, 11, 1996 and April 8, 1997.

12. Determined by assuming four persons per vehicle with 1995 visitation at 4.6 million and an entry fee of $3 per vehicle.

13. Unless otherwise cited, information in this section was gathered in a April 1, 1996, phone interview with Dorothy Streyle, Business Manager, North Dakota.

14. Unless otherwise cited, information in this section was gathered in a February 1, 1996, phone interview with South Dakota State Parks Concessions Operations Manager Bob Schneider and September 9, 1996, with Marty DeWitt, Supervisor of Visitor Services South Dakota Division of parks and Recreation.

15. Receipts and operating expenditures for 199 provided by Wanda Moore, Oklahoma State Parks

16. Unless otherwise cited, information in this section was gathered in October, 1996, phone interviews with Jim Cassidy, Assistant Director of Finance and Administration, Indiana State Parks

17. Unless otherwise cited, information in this section was gathered in February and November, 1996, phone interviews with Michigan Division of Parks and Recreation Executive Assistant Donna Stine.

18. Unless otherwise cited, information in this section was gathered in a February, 1996, phone interview with Alabama State Park Director Gary Leach and October phone interview with Parks Management Analyst, Nelda Claybrook.

19. Unless otherwise cited, information gathered in this section was gathered in March and November, 1996, phone interviews with Freddy Parkman, Chief of park Operations, South Carolina State Parks.

20. Unless otherwise cited, information was gathered in phone interviews, March, 1996, with Hugh Smith, Director of Budget, Kentucky State Parks.

21. Unless otherwise cited, information in this section was gathered in a September and November, 1996, phone interviews with Greg Butts, Park Director, Arkansas State Parks and Recreation

22. Unless otherwise cited, information in this section was gathered in February and November, 1996, phone interviews with West Virginia State Parks District Administrator Doug Baker

23. The term park is used in a general sense. There are several types of parks in the system. They include state parks with extensive visitor facilities, state beaches, natural areas, wayside parks, historic sites, and mountain parks.

24. Note, all data from park-run concessions are in gross terms, the cost of running the concessions is not reported.

25. As presented, Oregon, once fully dependent upon dedicated funds, now receives only 40 percent of its operating budget from dedicated sources. And half of Kentucky's budget was supported by dedicated funds in 1980, but none were allotted in 1995. Montana, on the other hand has increased dedicated fund dependence. Not discussed, Florida relied on 100 percent dedicated fund support in 1980, but receives less than 50 percent of their operating budget in dedicated funds now. And Missouri relies almost entirely on a dedicated sales tax, but even their funding has dropped from 93 percent of operating expenditures in 1995 to 87 percent in 1995.

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TESTIMONY ON CALIFORNIA STATE PARKS

OVERSIGHT HEARING
ON NATIONAL AND STATE PARK MANAGEMENT

HOUSE COMMITTEE ON RESOURCES
SUBCOMMITTEE ON NATIONAL PARKS AND PUBLIC LANDS

THURSDAY, JULY 10, 1997

By Kenneth B. Jones
Deputy Director for Park Stewardship
California Department of Parks and Recreation

On behalf of Gov. Pete Wilson and California State Parks Director Donald Murphy, it is a privilege to be here today to talk about the many changes California State Parks has gone through over the past several years, and the bright prospect for our future.

Earlier this year, our system's creative efforts in raising revenue and decreasing dependence on taxpayers was praised as pioneering by the *Wall Street Journal*. We're proud of our work in this field, but we are especially proud that our work in this area has not detracted from our mission and values, but has been wholly consistent with them. In fact, we have become better stewards of California's most cherished natural and cultural resources.

Let me begin by giving you an overview of the system we manage today.

California State Parks manages 264 parks and other properties covering about 1.3 million acres. Each year, 70 million visitors enjoy our 11,000 picnic sites, 17,500 campsites, 280 miles of coastline, and 3,000 miles of trails.

We are a system as diverse as the National Parks, with historic sites such as Hearst Castle and Old Town San Diego; magnificent deserts such as Anza-Borrego; mighty redwood parks such as Big Basin, Humboldt, and Prairie Creek; special reserves such as Point Lobos and Torrey Pines; and expansive recreation-oriented beaches such as Huntington and Doheny.

To pay for all this, our operating budget for the 1996-97 fiscal year was about $181 million, 36 percent of which came from the state's General Fund and another 35 percent from revenue, which includes user fees and concession rentals. The remainder comes from a number of other places, such as grants, special fuel taxes, and an off-highway vehicle trust fund that supports our OHV program.

As a percentage of our budget, tax-based support for State Parks has diminished over the years, from nearly 80 percent in the early 1980s to 36 percent this past year. As that has happened, we at California State Parks have become more creative in raising revenue.

The recession of the early 1990s led to a wholesale restructuring of the department to put the focus back in the field, not behind the desk. We reduced the number of park districts from 55 to 23, and abolished five regional offices, and we gave superintendents more authority to make important decisions, such as adjusting user fees.

This reorganization removed about 180 positions by attrition – and saved the state's taxpayers more than $10 million.

Our reorganization allowed us to become more efficient, and this efficiency is also demonstrated in terms of our excellent working relationship with the National Park Service.

In three parts of the state – the North Coast Redwoods, the San Francisco Bay Area, and the Santa Monica Mountains – California State Parks and the National Park Service have signed an agreement to work together for greater, cost savings, improved resource management, and enhanced public service. Now, we're working with the National Park Service to expand the same partnership for our parks in the Mojave Desert and in Marin County.

Our recession-created reforms were one step. Another step toward more self-sufficiency and greater accountability took place two years ago, when, with the active support of Gov. Wilson, we took on a five-year initiative to further decrease our dependence on the General Fund by more than $19 million. We're doing this a number of ways, and have reduced this figure by about $3.5 million so far.

For example, we're exploring other alternatives such as the privatization of selected parks and operations. And we're revising our fee structure to make fees simpler and more reflective of the use visitors get out of their parks. After analyzing how our annual pass holders are using their passes, we are considering annual passes that are park-specific, for example. We expect to have a modified fee structure in place by the end of the year.

One of our most successful endeavors encouraging greater self-sufficiency has been our Revenue Allocation Program, which we instituted last year. This program is designed to encourage our park districts to increase revenue by providing incentives that allow them to retain much of the new revenue.

Each fiscal year, a district is given a guaranteed minimum allocation, referred to as its Tier One (base) allocation. While this is not tied to revenue, each district is expected to raise an agreed-to base revenue.

As the district's revenue rises above the base, it is authorized to spend up to a level defined as its Tier-Two allocation (up to a specified maximum). When a district exceeds this maximum and enters the third tier, these revenues are then applied against the General Fund reduction.

Following the first year of the Revenue Allocation Program, revenue at State Parks has increased about $3 million, representing a 6 percent increase. Conclusion: Incentives work.

Our new Division of Marketing and Revenue Generation has provided the field with entrepreneurial expertise, and many of our superintendents and other field staff have found unique ways to raise revenue, something they would not have been able to do if everything was controlled through headquarters in Sacramento.

For example, our superintendent in the Salton Sea Sector used targeted advertising and a discount coupon to increase visitation at Picacho State Recreation Area, off the Colorado River near the Mexican border. In one month, we saw a 65 percent increase in visitation, and a 40 percent overall increase for the fiscal year.

Several other parks and districts are offering value-added services such as special tour programs. Our Department's Outdoors programs are aimed at introducing people to the skills they need to camp and enjoy California's great outdoors. And our districts have used their flexibility in altering fees to attract more visitors.

In the area of concessions, we have had the opportunity to renegotiate contracts and receive higher payments in a number of key units. Concession rental revenue has increased each year, and for the 1997-98 fiscal year is projected to be about $2 million above the previous year.

But just as we're finding ways to be creative and entrepreneurial, we are getting more and more Californians involved in their parks. For example, we have an active volunteer program. In 1995, nearly 12,000 volunteers logged in 886,000 hours for the Department, saving taxpayers about $11.5 million. And we have more than 80 cooperating associations raising millions to support park programs.

The support of our volunteers and our stakeholders is mirrored in the high level of regard Californians have for their state parks. Last summer, we commissioned a statewide survey that yielded results that shocked the pollsters. They weren't used to such a positive reaction.

Ninety-four percent of those polled said that, despite the current shortfall of available revenues, parks must be properly maintained for present and future generations to enjoy. Seventy-five percent supported government funding for parks.

Interestingly, when we asked our respondents what they felt were the most appropriate ways for State Parks to raise money, corporate sponsorship, fee increases, and merchandising were on the top of the list.

Besides this survey, we regularly track how our guests feel about the parks they visited. And satisfaction is ranked high in a number of areas, such as facilities, public safety, interpretation, even fees. We've discovered that our visitors, and all Californians, support the direction in which we're headed.

California State Parks is proof that we can make entrepreneurial changes and improve public service and resource management at the same time. We are a long way from self-sufficiency, nor do we ever want or expect to achieve this, but we know that we're taking the right steps to be responsible without jeopardy to the stewardship of the natural and cultural resources placed under our care.

Kenneth B. Jones has worked in a variety of capacities in his 27-year career with California State Parks, including Regional Director, Southern California; District Superintendent of Los Lagos and Big Sur Districts; Chief Ranger, Anza-Borrego Desert State Park; and Supervisory and Park Ranger in many different locations in California. He also serves as co-chair of the newly formed California Roundtable on Recreation, Parks and Tourism, an organization dedicated to promoting public and private efforts to provide quality sustainable outdoor recreation in California. Prior to his service at California State Parks, Mr. Jones worked for Levi Strauss & Co. He is also a retired naval officer, serving more than 20 years on active duty and in the U.S. Naval Reserves.

CALIFORNIA STATE PARKS

The mission of the California Department of Parks and Recreation is to provide for the health, inspiration and education of the people of California by helping to preserve the state's extraordinary biological diversity, protecting its most valued natural and cultural resources, and creating opportunities for high-quality outdoor recreation.

PERC POLICY SERIES

BACK TO THE FUTURE TO SAVE OUR PARKS

BY DONALD R. LEAL AND HOLLY LIPPKE FRETWELL

ISSUE NUMBER PS-10
JUNE 1997

PERC

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Donald R. Leal and Holly Lippke Fretwell

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To the Reader

It is no secret that many of our favorite national parks are in disrepair, full of deteriorating roads and crumbling facilities. "Back to the Future to Save Our Parks, " by Donald R. Leal and Holly Lippke Fretwell, offers a straightforward way to begin to restore our parks. Leal and Fretwell urge that Congress and state legislatures allow our national and state parks to become self-sufficient. That means returning to the method by which park operations were largely financed in the early days of the National Park Service—earning revenues through visitor fees.

Don Leal is a Senior Associate of PERC (the Political Economy Research Center). He is coauthor with Terry L. Anderson of *Free Market Environmentalism* (Pacific Research Institute) and *Enviro-Capitalists* (Rowman & Littlefield). Holly Lippke Fretwell is a Research Associate at PERC, where she is studying park management and other natural resource issues. Their research into park management was supported by the Jacquelin Hume Foundation and the May and Stanley Smith Charitable Trust.

This paper is the tenth in the *PERC Policy Series*, edited by PERC Senior Associate Jane S. Shaw. Dianna Rienhart was in charge of production, and Daphne Gillam provided graphic design. Support for the series comes from the John M. Olin Foundation and William A. Dunn, a PERC trustee and president of Dunn Capital Management.

Additional copies of this paper and others in the series are available from PERC for $4 each. For a more detailed description of 27 state park systems, see PERC's website at www.perc.org, or order "Parks in Transition: A Look at State Parks" from PERC.

Back to the Future to Save Our Parks

"I believe the time will come when
Yellowstone, Yosemite, Mount Rainier, Sequoia, and
General Grant National Parks and probably
one or two more members of the system
will yield sufficient revenue to cover costs of
administration and maintenance of improvements."

—*Horace M. Albright*
Acting Director
National Park Service, 1917

INTRODUCTION

Our national parks are in trouble. Their roads, historic buildings, visitor facilities, and water and sewer systems are falling apart. The Park Service says it has a $4.5 billion backlog of construction improvements and an $800 million backlog of major maintenance.[1] Even Yellowstone Park, the crown jewel of the national park system, is crumbling. Cost estimates to fix its pothole-ridden roads run as high as $340 million (Wilkinson 1991).

What has gone wrong? "Decades of forced neglect" is the answer given in a 1995 article in *U.S. News & World Report,* implying that the parks haven't received enough money from Congress (Satchell and Tharp 1995, 25–36).

But Congress hasn't been all that stingy. Indeed, since 1980, the total budget for the National Park Service has nearly doubled, increasing from almost $700 million to about $1.3 billion.[2] From 1980 to 1995, spending on park operations grew at a healthy annual rate of 3.1 percent after adjusting for inflation, and full-time staff increased from 15,836 to 17,216 employees.[3] While spending on the agency itself increased, spending for major park repairs and renovations fell at an inflation-adjusted annual rate of 1.5 percent.[4] It appears that long-term investment in our national parks has played second fiddle to bureaucratic growth.

Could a business survive for long if most of its budget went to organizational growth rather than to ensuring the quality of its product? Certainly not. Park management continues "as is" in spite of the parks' deterioration only because the money to operate the parks comes from taxes, not from customers. If we are to improve the condition of our parks, the incentives governing our parks must change. The goal should be to make them financially self-sufficient, supported by those who use them.

Fortunately, we are seeing signs that this is happening. Pushed by budget-conscious legislatures, sixteen state park systems now obtain at least half of their operating support from visitors, rather than taxpayers. Even national parks are testing the waters of greater user support. Congress recently authorized a three-year demonstration program that, on average, doubles entrance fees at up to a hundred parks. Those parks will get to keep nearly 40 percent of the revenue from fees.[5] Previously, they could keep only 15 percent of the revenue.

When they were established, our national parks were supposed to be self-supporting. This paper examines the prospects for actually achieving this goal with our state and national parks. Going "back to the future" will enable our parks to solve fiscal problems while protecting the resources such as wildlife habitat that make our parks such cherished treasures.

SELF-SUFFICIENCY BEGINS WITH REALISTIC FEES

Very simply, self-sufficiency means relying on park visitors, not Congress, for operating support. (True self-sufficiency would mean covering the costs of capital improvements, too, but self-sufficiency in operations would be an important start.) Attaining self-sufficiency will require, among other things, charging higher fees and practicing greater diligence in fee collection.

In the past, park fees have been a subject of controversy in the halls of Congress and state legislatures. But public sentiment has been changing. A 1995 nationwide survey by Colorado State University revealed that 80 percent of those surveyed did not oppose higher fees as long as all the fees went to the parks where they were collected (National Parks and Conservation Association 1995).

When it comes to realistic fees that can support our national parks, we have a long way to go. In 1995, proceeds from park recreation fees totaled $80.5 million, or about 7.5 percent of the total cost of park operations.[6] At approximately 270 million park visitors, 1995 proceeds from all 369 parks represented an anemic $0.30 per visitor.[7]

A primary reason for the low per-visitor return is the fact that over two hundred park units did not charge entrance fees, and those that did charge fees at the gate charged by the carload per week. At $10 per vehicle, a family of four could visit in Yellowstone Park for a week for $0.36 per person per day in 1996. Furthermore, entrance fees have failed to keep pace with inflation. Beginning January 1, 1997, Yellowstone's annual vehicle pass, which provides the user unlimited visits for the year, was raised from $15 to $40. But this hefty hike did not bring the price anywhere near the $133 (in 1995 dollars) that visitors paid in 1916 (Mackintosh 1983, 2). At $75, an annual pass to visit California's state parks is more realistic.

If national parks are to be self-sufficient, park managers must not only be allowed to charge more realistic fees, but they must be allowed to retain most of the proceeds to enhance their parks. Most of the receipts from fees go to the federal treasury instead of the parks themselves. Most national parks give up 85 percent of their proceeds to the treasury, and those in the demonstration program still give up at least 60 percent of their proceeds. Not being able to keep the lion's share of the proceeds weakens the incentive for park managers to maximize revenue.

Indeed, a 1993 audit by the Department of Interior's Office of Inspector General found that the Park Service collected $59 million from user fees in fiscal year 1991, but it could have collected $105 million more from entrance fees alone without raising existing fees (USDI 1993, 22). One of the chief reasons was weak fee collection. Of the 136 units authorized to collect entrance fees and retain only 15 percent of the proceeds, 131 had made inadequate collection efforts. For example, fees were collected from only half the 409,352 vehicles that entered Olympic National Park and from only 5 percent of the 356,238 vehicles that entered Cedar Breaks National Monument and Capitol Reef National Park.

Furthermore, hardly any national parks charge fees for popular activities such as hiking, nature tours, or fishing. Yet trails need upkeep, fisheries need monitoring, and interpreters have to be paid. An additional $123 million could have been collected if fees for these activities were charged, according to the audit (USDI 1993, 22).

SELF-SUFFICIENT AT THE START

At first, the national parks were supposed to be self-supporting. Congressional appropriations were to be limited to initial investments in roads and visitor facilities. Ferdinand Hayden, one of the early explorers of Yellowstone, the country's first national park, assured Congress that the park would require no appropriated funds. Yellowstone's first superintendent, Nathaniel Langford, even suggested that toll roads be leased through the park to pay for road maintenance (McDaniel 1996, 3).

This attitude was still strong in 1916 when Congress authorized the creation of the National Park Service. Interior Secretary Franklin Lane appointed Stephen Mather to run the fourteen existing parks on a self-supporting basis. In Mather's first report on parks to the secretary, he stated: "It has been your desire that ultimately the revenues of several parks might be sufficient to cover the costs of their administration and protection and that Congress should only be requested to appropriate funds for their improvement. It appears that at least five parks now have a proven earning capacity sufficiently large to make their operation on this basis feasible and practicable" (GAO 1982, 2). The five parks were Yellowstone, Yosemite, Mount Rainier, Sequoia and General Grant (now part of Kings Canyon/Sequoia).

By 1916, at least seven parks had seasonal auto fees, from $2 in Glacier and Mesa Verde to $10 in Yellowstone ($26 and $133 in 1995 dollars, respectively). Auto fees increased revenues, which reached over $65,000 in 1916 ($858,000 in 1995 dollars). Mather noted that "no policy of national park management has yielded more thoroughly gratifying results than that which guided the admission of motor-driven vehicles to the use of the roads of all parks" (Mather 1916, 6).

The receipts from these fees were held in a special account, accessible to the Park Service without congressional appropriation, that could be used for road maintenance, park development, and administration. Mather considered agency control of the funds important for responsible management. But the legislation that created some parks—Rocky Mountain, Mesa Verde, Crater Lake, Hawaii Volcano, and Lassen—required these parks to turn their receipts over to the federal treasury. Mather tried to persuade Congress that revenues collected at these parks should be returned to the parks, but he was unsuccessful (McDaniel 1996, 18).

Succumbing to Politics

It didn't take long for Congress to take full control of the purse strings. In 1918, two years after the creation of the National Park Service, Congress began to require that all park fees revert to the federal treasury (Mackintosh 1983, 3). This broke the link between park revenues and park spending, and expenditures have become political footballs ever since.

In 1965, the Land and Water Conservation Fund Act was passed to help finance the establishment of more parks. The act also redirected all national park user fees from the treasury to the Land and Water Conservation Fund. Through this act and subsequent amendments, Congress dictated what fees could be charged, how much could be charged, and which parks could charge them. Throughout the 1970s and 1980s, entrance fees were minimal, and sometimes not collected at all, and camping fees were permitted only in "developed" campgrounds.

A Reversal of Sorts

A reversal of sorts began in the early 1990s. Some parks discovered the benefits of charging fees for special use permits. Unlike other revenues, these receipts could stay in the park.[8] Yellowstone, for example, began charging $5 for an annual fishing permit in 1994. The program brought in $425,000 to the park in 1995. The fee was doubled in 1996 (*Billings Gazette* 1996), and revenues rose to $660,000.[9] In addition, beginning in 1993, parks were allowed to keep 15 percent of fee revenues to pay for the cost of fee collection.[10]

An even more important policy change came in 1996 when Congress authorized the Recreational Fee Demonstration Program, which went into effect January 1, 1997. This gives the Park Service the authority to select up to one hundred park units (93 of which have been selected so far) to participate in a three-year fee demonstration program. Entrance fees at these parks have more than doubled, on average, and the price of annual park passes has nearly doubled.[11] Some parks initiated entrance fees for the first time, and some began charging fees for the first time for interpretive nature programs, backcountry use, boating and snowmobiling (USDI 1996).

Each unit is allowed to keep up to 80 percent of fee revenues in excess of a base amount equal to 104 percent of the amount collected in fiscal year 1995, with this amount adjusted upward by 4 percent annually. The remaining 20 percent goes to those parks most in need. The new revenues are to be used for maintenance, enhancement of facilities, resource preservation, and annual operations. The base amount is still returned to the federal treasury. (The funds are earmarked for the National Park Service, but

Congress must re-appropriate them.)

While the fee demonstration program is a step in the right direction, it does not address all the obstacles that prevent popular national parks from becoming self-supporting. For one thing, it applies to only 100 out of 369 park units. Second, it allows only 80 percent of revenues above and beyond the historical base to remain inside the park. Most of the remaining amount goes to the federal treasury, lessening the impact of fees on each park's budget. The lion's share of park operational funding still comes from tax dollars, and thus financial control of the parks remains with Congress. Finally, the demonstration program creates no pressure to minimize operating costs.

WHY SELF-SUFFICIENCY?

There are several reasons why our park systems should move toward self-sufficiency. First, self-sufficiency would give park managers an incentive to provide more services and maintain parks in good condition. Park managers who depend on visitors for funds want them to have a memorable experience that brings them back. Unhappy customers will be less likely to return.

Self-sufficiency would also encourage more realistic pricing—that is, prices that cover the cost of services—and careful attention to collecting lawful fees. In contrast, a tax-financed park offers limited service, fails to collect fees, and encourages park overuse by subsidizing goods and services.

Self-sufficiency would also give park management an incentive to balance costs and benefits. Since costs must be covered out of revenues, managers would add services that covered costs and eliminate those that didn't. In contrast, when park operations are mostly funded by taxes, management can ignore such economic realities. In the summer of 1996, Yellowstone Park managers closed a campground to "save" money. The campground earned more than it cost to operate, but since the revenues went to the treasury, not to the park, the managers had little incentive to keep it open.

Self-sufficiency would also free park managers from a major obstacle to protecting park resources—politics. Because most national park funding is controlled by Congress, park managers must cater to politicians and special interests. Politics is making it difficult to control runaway elk populations in Yellowstone and Rocky Mountain national parks, to keep "exotic" mountain goats from eating rare plants in Olympic National Park, and to protect wildlife from snowmobile use in Yellowstone Park. Self-sufficiency would give park management the incentives and the freedom to avoid congressional meddling.

Politics, in fact, tends to keep public funding low. Parks that rely on tax revenues for operating support are at the mercy of legislatures or Congress and the mood of the taxpayer. Public spending on state park systems averaged only two-tenths of a percent of total state spending in 1994 (NASPD 1995). As taxpayers rebel against higher taxes, the outlook for growth is poor for both state and federal funding. And when public funds are appropriated, they tend to flow to bureaucratic support and not to the parks themselves.

Self-sufficiency alone, however, will not necessarily lead to the lowest possible costs. Unlike private business, government managers are not motivated to maximize "profits." To deal with this problem, some state park systems have created incentives for government managers to find cost savings or have "contracted out" park support functions to private sector organizations that can provide services at lower cost. These actions are in addition to the move toward self-sufficiency.

The great benefit of self-sufficiency is that it is a spur to provide more services. While it is difficult to say whether a park with many services is "better" than a park with fewer services, revenues tend to grow. This indicates that the parks with more services are pleasing their customers. At the same time, we have found no evidence that greater services damage the environment of the parks; indeed, the greater flexibility and availability of funds suggest the opposite.

Lessons From State Parks

Since 1980, many state park systems have felt the pinch of fiscally tight legislatures. General tax support for state parks has risen from $619.7 million in 1980 to $637.9 million in 1994 (NASPD 1981 and 1995). This is a small increase, given that prices rose by 74 percent over this period.

As general support lagged, state park managers began to rely more on fees. In 1980, user fees collected at all state parks totaled $181.7 million, or about 17 percent of total park spending. Fourteen years later, in 1994, user fees totaled $637.9 million, or about 33 percent of total park spending (NASPD 1981 and 1995).

Sixteen park systems regularly obtain more than half their operating costs from user fees. These include New Hampshire, Alabama, Arkansas, Colorado, Kentucky, Michigan, Nebraska, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Indiana, West Virginia, Wisconsin, and Vermont. In fact, both New Hampshire and Vermont fund their entire operating budgets out of user fees.

In spite of this trend, many states still receive only a small return per visitor. As we see in Table 1, Alabama, New Hampshire, and Vermont collected more than $4 per visitor in 1994. States such as Alaska, Pennsylvania, and Wyoming, however, collected less than 27 cents per visitor, and the National Park Service collected 28 cents per visitor. One reason for these low average returns is the failure to collect an entrance fee from many day visitors. The percentage of day visitors not paying entrance fees at parks in Alaska, Pennsylvania, and Wyoming was 91, 95 and 68 percent respectively (NASPD 1995).

A more detailed look at several representative state park systems sheds additional light on how states finance their state parks. The four states listed in Table 2—Texas, New Hampshire, California, and Washington—have all increased revenues from park users since 1980. Texas has accomplished this by expanding visitor services and, to gain additional income, it recently replaced

Table 1
Annual Revenue per Park Visitor, 1994

0 – \$.50	\$.51 – \$1.00	\$1.01 – \$1.50	\$1.51 – \$2.00	\$2.01 – \$5.50
Hawaii .02	New Jersey .51	Michigan 1.01	Delaware 1.54	Arkansas 2.07
Illinois .16	New York .59	Maryland 1.02	Arizona 1.55	Alabama 4.10
Washington .18	Wisconsin .63	Minnesota 1.06	Florida 1.65	New Hampshire 4.19
North Carolina .20	Utah .63	Oklahoma 1.07	Louisiana 1.73	Vermont 5.46
Iowa .21	Montana .63	Nebraska 1.11	West Virginia 1.82	
Wyoming .21	Virginia .63	Georgia 1.21		
Pennsylvania .25	Texas .67	Mississippi 1.23		
Oregon .26	Colorado .71	Kentucky 1.45		
Alaska .26	North Dakota .74	South Carolina 1.48		
National Park Service .28	New Mexico .74			
Nevada .29	Tennessee .74			
Ohio .31	California .85			
Missouri .31	Maine .87			
Kansas .39	South Dakota .88			
Massachusetts .40	Indiana .89			
Connecticut .47	Idaho .93			
	Rhode Island .96			

Note: For each park system, total park-generated annual revenue was divided by annual visitation.
Source: Calculated from NASPD (1995).

Table 2
Changes in Annual Revenues per Visitor

State	1980	1995
Texas	$ .40	$ .80
New Hampshire	.61	4.19*
California	.26	.91*
Washington	.06	.19

* Based on 1994 data for revenue and visitation.
Source: National Association of State Park Directors (1981), (1995), and (1996). See the Appendix for the data from which these figures were derived.

per-vehicle entrance fees with per-person entrance fees. New Hampshire has diversified its camping fee structure to reflect different demands for campsites and has raised entrance fees. California has raised entrance and camping fees. Washington has increased fees, too, but the voters have restricted increases to camping fees. We will look more carefully at these representative park systems.

New Hampshire State Parks: A Self-Supporting Park System

We begin with New Hampshire State Parks, an agency that is legislatively mandated to be self-supporting. The system's 89 recreational, historical, and natural sites cover nearly 75,000 acres of land, and there are more than 6,000 miles of trails. The park system attracts about 1.2 million visitors a year. It has nationally recognized natural areas, with several sites on the National Register of Natural Landmarks.

New Hampshire finances all of its nearly $5 million operating budget from fees, and has some left over for construction improvements. It was the first to implement different prices for campsites, reflecting the different levels of amenities offered and the different levels of demand for various parks. It was one of the first park systems to charge entrance fees per person instead of per vehicle. In 1996, prices for campsites ranged from $12 to $30, and entrance fees were $2.50 per adult. The annual pass to all state parks costs $35. (Children twelve years and under and resident adults over sixty-five are admitted free.)

Although New Hampshire has a long history of heavy user support, mandated self-sufficiency did not come until 1991. In the midst of a growing general fund crisis, the legislature required the park system to rely solely on park-generated revenue. Park revenue had actually exceeded operating expenditures for three consecutive years prior to passage of the act, but park receipts had been handed over to the state treasury (LaPage 1995, 29). The 1991 act let receipts flow into a park fund that carries over unspent park monies from year to year. This encourages self-sufficiency because park officials know they have a reliable source of money dedicated to parks over the long term.

In addition to operations, some major maintenance and capital improvements are now being financed through park income. Allison McLain, Director of Recreation Services, calls the current backlog of park maintenance and capital projects "manageable," averaging $333,000 per park, but growing.[12]

The system has taken other initiatives to make ends meet. It has an extensive donor program and an ever-growing system of partnerships with companies (LaPage 1995, 29). In 1992, volunteers contributed $2.8 million in labor and private funds.

An example of company partnerships is the recent agreement with PepsiCo, Inc., which has an exclusive five-year right to beverage sales in all state parks. PepsiCo won this agreement through a competitive bid process. As part of its proposal, the company promised to fund an education and awareness program for state parks. This has produced an album of songs about New Hampshire and its parks, concerts highlighting these songs, and four park activity books featuring animated Chumley Chipmunk, who also helps promote safety and environmental education in the parks. None of these would have been affordable without the partnership with PepsiCo.

Texas State Parks: Heading Towards Self Support?

With over 500,000 acres and over 24 million visitors a year, the Texas state park system is the fourth largest in the United States, after the national park system and the state park systems of Alaska and California. The system encompasses 41 state parks, 44 recreation areas, 40 historic sites, and 7 natural areas.

In 1991, the state legislature changed the rules: Beginning in 1994, there would be no general funds for operations, except for a small tax on recreational equipment sales designated for parks.

At first, prospects looked bleak. Prior to 1991, general tax funds had made up 60 percent of the operating budget of the park system (Holliday 1995, 24), and only a handful of units were operationally self-sufficient. Park officials contemplated closing a number of highly subsidized parks. However, a "partners-in-parks" program, which brought in volunteer workers and community donations totaling $1 million, staved off immediate closure.

Then the department launched a dramatically different long-term approach to running the parks. That approach has come to be known as the entrepreneurial budgeting system, or EBS. It is a financing system that provides managers at individual parks incentives to save money and raise revenue.

At the heart of the EBS is the performance agreement, essentially a contract between the park manager and the department hierarchy to meet certain performance standards, including a spending-limit goal for the upcoming year. Department officials pledge to reward the manager if he or she spends less than the spending goal. The reward is the return of all the cost savings to the park's budget the following year in the form of an enhancement—not an offset—to the park's budget.

The park manager also pledges to raise revenue equal to the previous year's revenue plus .5 to 3 percent. If the park manager surpasses the revenue target, department officials pledge to return as much as 35 percent of the surplus to the park budget the following year. The park manager will be free to spend the extra money as he or she sees fit for park improvements. Twenty-five percent of the remaining surplus goes to a seed fund to help other parks initiate EBS programs, and the remaining 40 percent goes to park units of ecological value that may never attract enough visitors to be self-supporting. In this way, the program creates a safety net for less-visited parks.

The system has spawned attractive services that earn revenue. For example, visitors at Brazos Bend State Park can enjoy a two-hour nocturnal "owl prowl" for $3 per prowler. They can watch alligators from a pontoon boat for $8 per person. At South Llano River State Park, a refurbished 1951 Chevy bus (donated by the local fire department) takes visitors on wildlife safaris through the park for $3 per passenger. Huntsville State Park holds an annual canoe rendezvous, Rocky Raccoon Trail Runs, and 50- and 100-mile "fun" runs that generate between $5,500 and $7,000 annually in additional funds. Activities such as these raise revenues without detracting from natural amenities. As an added safeguard to protect the parks' environment, regional managers must approve all customer services proposed by field personnel. Says Huntsville State Park Superintendent Wilburn Cox, "Protection of our natural resources remains our first priority."[13]

Overall, EBS has registered financial success. During the planning stage, department officials anticipated that the program would yield $1 million in additional revenue. By fiscal year 1995, additional revenue had reached $1.1 million and cost savings totaled nearly $685;000 (King 1995, 56). Tyler State Park Superintendent Steve Powell says that the program "makes you more thrifty because you have an incentive to save."[14] The year before EBS began, nine parks took in more revenue than they spent. After three years of operating under the program, twenty-two parks took in more money than they spent.[15]

EBS has given park managers discretionary funds to enhance park amenities and improve park facilities. Hakeem Elahi, Assistant Park Manager at Brazos Bend, says that with additional money generated under EBS, his park purchased a plant shredder that is now used to create small openings for wildlife in areas of dense vegetation. EBS money has also financed the upgrading of maintenance vehicles and equipment at Garner State Park.

As with any new system of operation, there have been growing pains. A drought year in 1996 reduced visitation far below normal levels, wiping out the funds that were supposed to reward the parks that had gained revenue in 1995. The glitch occurred because payments to parks come out of anticipated revenue from the next year, not actual earnings. To avoid such a problem in the future, payments should be paid out of actual earnings.

In addition to using the entrepreneurial budgeting system, parks have opened up their own souvenir shops, and park officials recently began operating a centralized reservation system for state parks. Both of these innovations make money. The centralized reservation system helps tourists find alternative parks or dates for camping when their first choice is filled up. It also increases park revenue by steering people toward underutilized parks. During the system's first six months of operation, 30 percent of the reservations were made by campers whose first choice was filled, but who agreed to an alternative park or date.

The Texas parks have made steady progress toward the goal of operational self-sufficiency. Revenue hovered around $12 million annually from 1989 to 1991, but rose steadily in the next four years, reaching nearly $20 million in 1995, or two-thirds of the operating budget. Texas officials say parks can make further gains if, among other things, they are given complete control over pricing park services and facilities and over the park system's funds, including interest earned from those funds. Currently, the legislature retains authority over both.

While trying to move the parks toward operational self-sufficiency, officials are also trying to cope with a substantial capital backlog, estimated to be as high as $185 million. The most pressing need is to modernize outdated sewage and drinking water systems, which pose potential health risks to park visitors and whose improvement will cost $50 million (Dawson 1996b). The huge backlog stems from the late 1970s and 1980s when general tax dollars and oil and gas revenues flowed into the park system. Political pressures directed the money to land acquisition rather than to needed repairs and renovations. Says one park official, "People don't like to cut ribbons on new roofs and sewer systems" (quoted in Dawson 1996a).

To raise capital, Texas officials have turned to the park user. In May 1996, per-vehicle entrance charges (which averaged $3) were replaced with per-person entrance fees ranging from $0.50 to $5 at all parks. In addition, the annual pass to state parks was raised from $25 to $50. Officials had hoped that the new entrance fees would raise an additional $5 million to $7 million to fund park renovations (Taylor 1996, 63), but the 1996 drought reduced revenues. While the parks' gross revenues were 7 percent greater in May 1996 than in the same month in 1995, they fell 11 percent in July when the drought was at its peak (Dawson 1996b). Officials hope that the full benefits of the new entrance fees will materialize once the drought ends.

California State Parks: Standing on the Threshold

Composed of 275 units, the California state park system is the largest state park system in the nation after Alaska's. It is the most visited state park system, with more than 65 million visitors in 1994 (NASPD 1995). Amenities at California state parks include coastal beaches ranging from serene to rugged, expansive deserts, majestic redwoods and sequoias, and landmarks illustrating the state's rich history.

Like many others, the California state park system is in transition. Shrinking general funds and a maintenance backlog estimated at $75 million have prompted park officials to search for ways to reduce operating costs and increase visitor revenue.

In 1996, the system's operating budget was $180 million, but this amount was $45 million less than the system's operating budget four years earlier, largely due to lower general fund appropriations. Park receipts increased by $15 million over this period, but the increase covered only half the loss from general funds. The 1996–97 budget for parks included a $16.4 million emergency augmentation from state general funds, with the provision that it be phased out over five years as new efforts are implemented to save money and raise revenue.

The Department of Parks and Recreation has already taken several steps to save money and raise revenue. Some fees have increased; the annual park pass went from $50 in 1990 to $75 in 1994. New partnerships with corporate sponsors and volunteer work projects have provided services for parks. A revamped state park store in Sacramento is earning money. Private contracting has reduced operating costs, and some lightly visited units have been transferred to local or nonprofit entities.

California's parks generate substantial revenue from entrance fees, camping fees, cabin rentals, and concessions, at least in comparison with other state systems. In 1995, revenue from entrance charges, including a per-vehicle fee of $5 and the annual parks pass of $75, totaled over $26 million. Camping fees ranging from $7 to $20 for primitive sites and $12 to $25 for developed sites were the next largest source of revenue, totaling $19 million. Concession fees, averaging 7 to 8 percent of lodging and restaurant sales and 4 to 10 percent of merchandise sales, totaled nearly $8 million. All park receipts are kept in the State Parks and Recreation Fund, from which allocations are made annually by the state legislature.

Perhaps the most promising change in the California system occurred in July 1996. The department began allocating park budgets through a process that rewards local managers for generating more revenues or saving money. California's park system has twenty-three districts. The new budget allocation program allows each park district to retain all the revenues earned from its parks above a historical base (but not to exceed $63 million for all parks). Budgeted funds not spent can be used the following year at the discretion of the district. Any shortfall in revenues will be taken from the following year's budget. This system gives district managers incentives to save money and to earn revenue.

Still, there appear to be untapped opportunities to increase revenues. In 1994, only 30 percent of the 65 million-plus visitors went to areas that charged fees. The remaining 46 million visitors are an important potential source of revenue.

Washington State Parks: Mired in Red Ink

The Washington State Parks and Recreation Commission administers 105 developed state parks, some satellite properties, and about twenty sites held either for preservation or future park development. Together these areas constitute 232,000 acres. Recreational and educational facilities abound, with nearly 8,000 campsites and 6,000 picnic sites, 122 boat launches, 699 miles of trail, 10 environmental learning centers, 13 interpretive centers, and 17 historic sites. With so much to offer it is easy to see why the system is so popular. In 1995, over 47 million people visited Washington's state parks (NASPD 1996). This was the fourth highest visitation among all state park systems in the nation.

Despite its popularity, Washington park system is experiencing serious financial problems. A 1994 report by the State Parks and Recreation Commission, the administering agency for Washington's parks, said that the parks are "crumbling under the weight of recurring budget cuts, staff losses, and increasing public demands" (Washington State Parks 1994, 1). In addition to a substantial decline in onsite staff, thirty parks that were once open year-round have been closed seasonally; deferred maintenance projects now top $40 million; and during peak usage times there is a shortage of campsites.

The reasons for this distress are not hard to find. The system is funded entirely from the state general fund and is one of only ten state park systems that do not charge a day-use fee at any park. Camping and concession fees are collected, but they go into a state park fund and the legislature must reappropriate them for park use. Camping fees are significant. In 1995, they totaled nearly $8 million, accounting for 15 percent of the parks' operating budget.

Dissatisfaction with the current funding process and recommendations for change are surfacing, albeit slowly. In its report, the commission considered a day-use fee but did not propose it, fearing a public outcry. General sentiment in the state clings to the notion that park access must remain free. This is unfortunate because down the coast, California, with nearly 20 million "fee area" visitors, generated nearly $28 million from entrance fees alone in 1994.

The commission also assumed that camping fees had reached adequate levels. In fact, however, Washington's campsite fees are typically under half the price charged in California and several other western states.

The commission did propose that the parks be allowed to keep all user fees in an unappropriated fund, avoiding the legislative process. In July 1995, a special park fund for park-generated revenues was created, but legislative approval is still required to use these revenues. The commission also proposed increases in fees to concessionaires, river guides, and other commercial operations, and the establishment of more "friends of parks" groups to raise funds and donate volunteer work.

Recently, volunteer programs, friends' groups, and other donors have become more active. The commission has also implemented a centralized reservation system (in coordination with Oregon) for campsites. This should increase attendance and revenue. To help with capital improvements, the 1996 legislature authorized the use of certificates of participation (essentially, bonds) for park improvements. The state treasurer, acting as broker, sold ten-year bonds at 4.5 to 5.5 percent variable interest to private investors, raising $310,000 for improved lodging and campgrounds in Fort Warden State Park. Repayment of the bonds is made with revenues earned by the new facilities.[16] However, a 1994 initiative approved by voters limits fee increases and removes entrance fees as a viable option for raising revenues. Hence, Washington's parks still have a long way to go in addressing their funding problems.

COMPARING STATE AND NATIONAL PARKS

The best way to illustrate the differences that stem from self-sufficiency is to compare adjacent parks that differ in their reliance on user fees. State and national parks in Texas and South Dakota provide such a one-on-one comparison.

Big Bend Ranch State Park vs. Big Bend National Park

Big Bend Ranch State Park and Big Bend National Park are located next to each other in southwest Texas.[17] Both parks feature mountain, river, and desert habitats in a setting as rugged as any in the western United States. Both parks border the Rio Grande River and include huge sections of Chihuahuan Desert wilderness. Both parks are home to a rich variety of wild animal and plant species. Beaver, summer tanagers, painted buntings, vermilion flycatchers, sandpipers, and killdeer bobs reside along the Rio Grande and its flood plain. White-tailed deer, mountain lions, and peregrine falcons inhabit the mountainous regions of both parks. Road-runners, Lloyd's mariposa cactus, and lechuguilla, to name just a few species, occupy the desert.

At 801,163 acres, Big Bend National Park is over two-and-a-half times the size of Big Bend Ranch State Park. Established in 1935, it has been around longer and has more facilities for park visitors, providing lodging, dining, gas, groceries, showers, and laundry. It also has 194 developed camping sites complete with water, outdoor toilets, and electrical hookups, as well as an area with utility hookups for recreational vehicles.

Big Bend Ranch State Park, a former private ranch generally called "Big Bend Ranch," became a state natural area in 1989 and a state park in October 1995. It first catered to tourists in 1991. The park has two lodging facilities, one bed-and-breakfast style and one dormitory-style, located on the edge of the park. Together they can accommodate thirty-eight visitors. Gas and groceries are available just outside the park. As of 1995, there were only sixteen campsites, all considered primitive. Five of the sixteen have pit toilets; the rest have none. Young and relatively undeveloped, Big Bend Ranch receives far fewer visitors than Big Bend National Park—56,697 visits compared with 314,209 in 1995.

With the nearest city over two hundred miles away, Big Bend Ranch and Big Bend are both considered "destination parks." Such parks attract people who can afford to travel a considerable distance and spend a few days in or near the parks. Visitors can enjoy the same basic activities at both parks, such as hiking and wilderness backpacking, nature tours, horseback riding, camping, fishing, river rafting, and bird watching. However, most of these will cost extra at Big Bend Ranch, and there are more offerings at Big Bend Ranch than at Big Bend. There are other differences, too, in the way that the parks are maintained and in their ability to protect their natural resources.

Big Bend National Park. Hiking, birding, horseback riding, river rafting and canoeing, fishing, and swimming are free at the national park, and a few naturalist workshops are offered at no charge. Valerie Naylor, Chief of Interpretation and Visitor Services at Big Bend, says they are always trying to improve on the interpretive offerings at Big Bend, but are "limited by staff and budget."

Maintenance in Big Bend National Park has suffered in recent years as a result of budget cuts. Periodic repair and rehabilitation of facilities are lagging and, "in some cases, have the potential to threaten public and employee health and safety" (Big Bend National Park 1996, 7). Deterioration of facilities and trails has become a major concern.

Visitors are free to roam the national park as they please. Big Bend does not have a visitor management policy to protect its natural features from human impact.

Big Bend Ranch. The state offers a wide variety of fee-based activities. Bird watching, river rafting, canoeing, hiking, fishing, horseback riding, and swimming cost an additional $3 beyond the $3 per person entrance fee. (The entrance fee is waived if the visitor has purchased the annual Texas Conservation Passport.) Overnight fees are $6 per night per person, of which $3 is the entrance fee and $3 is the activity fee.

But these basic activities are just the beginning. Three-day rock art and desert survival courses are available for $300. A three-day desert photography course is available for $450. Interpretive bus tours into the interior of the park cost $60. In addition, visitors can see the botanical desert garden and museum exhibits at the Barton Warnock Environmental Education Center near the southeast entrance or the historical site, Fort Leaton, on the west side of the park. These options cost an adult an additional $2.50 and $2.00 respectively ($1.00 per child).

One program that has generated a lot of interest is the Longhorn Cattle Drive and Campfire. For $350 and your own horse and tack, or $450 if the park provides the horse, visitors can assist park rangers as they move the small resident herd of Texas longhorns from winter to summer pasture and vice versa. The drive lasts three days and includes meals, lodging (trailside tents or cabins), and evening campfire entertainment. Visitors participate in the roundup and branding and vaccination of cattle. Offered twice a year for up to twenty participants, the cattle drive has the longest waiting list of all the activities offered in the park.

Big Bend Ranch's housing and facilities were in pretty good shape when the state purchased the ranch, says Exhibit Technician David Alloway, but improvements are being made. To facilitate university research on geology, wildlife, botany, and archaeology, the park has renovated and expanded a laboratory for graduate students, complete with lodging facilities. Additional lodging, showers, hiking trails, campgrounds, and equestrian and mountain bike trails are planned.

The park is divided into zones where the number of visitors at any given time is strictly controlled. Sensitive areas within the park are monitored to assess the effects of public use; and visitors can be rerouted if necessary to minimize harmful human impacts (TPWD 1994, 21).

The differences noted above stem in large part from the different ways that Big Bend and Big Bend Ranch are financed. The lion's share of Big Bend's funding comes from the federal treasury, while Big Bend Ranch depends much more heavily on revenue from fees.

Table 3
Summary of Comparisons, FY 1995

	Big Bend Ranch Complex[1]	Big Bend National Park
Acreage	300,000	810,763
Staff size	14	94
Visits[2]	56,697	314,209
Operating budget	$ 463,165 [3]	$ 3,951,000
Revenue	$ 176,042 [4]	$ 337,103
Revenue per acre	$0.59	$0.42
Expenses per acre	$1.54	$4.87

[1] Includes ranch area, Fort Leaton, and Warnock Barton Environmental Center.
[2] Visits include waived per-person entrance fees for children under 12 and adults who have the Texas Conservation Passport.
[3] About 67 percent of the operating budget comes from fees collected at all state parks and redistributed throughout the system and 33 percent is derived from a dedicated tax on recreational equipment sales.
[4] Revenue originating from complex only.
Sources: Data for Big Bend Ranch Complex provided by Luis Armendariz, Superintendent, Big Bend Ranch State Park, in a telephone interview, October 1996. Data for Big Bend National Park provided by Valerie Naylor, Chief of Interpretation and Visitor Services, Big Bend National Park, in a telephone interview, March 1996, and Andrew Teter, Budget Analyst, U.S. Department of Interior, National Park Service, Budget Division, by fax, 11 April 1996.

As Table 3 shows, Big Bend Ranch's cost-saving incentives and dependence on user fees result in lower expenses and higher returns per acre than Big Bend. Big Bend Ranch earned more per acre although it had far fewer visitors. Also, the state park had much lower operating expenses per acre and a much smaller staff but managed to provide more services (see Table 4).

Table 4
Services Available, 1995

Big Bend Ranch Complex	**Big Bend National Park**
Museum/historical site tours ($2/$2.50)	Bird watching (free)
Bird watching ($3)	River running (free)
Rafting, canoeing ($3)	Camping ($5)
Camping ($6–$15 per night)	Hiking (free)
Wilderness backpacking ($3)	Fishing (free)
Hiking ($3)	Nature workshops (free)
Fishing ($3)	
Swimming ($3)	
Horseback riding ($3) (horses leased for $50)	
Longhorn cattle drive ($350 each)	
Interpretive bus tours ($60)	
Weekend nature seminars ($300/3 days)	

Source: Data for Big Bend Ranch Complex provided by Luis Armendariz, Superintendent, Big Bend Ranch State Park, in a telephone interview, October 1996. Data for Big Bend National Park provided by Valerie Naylor, Chief of Interpretation and Visitor Services, Big Bend National Park, in a telephone interview, March 1996, and Andrew Teter, Budget Analyst, U.S. Department of Interior, National Park Service, Budget Division, by fax, 11 April 1996.

Since general funding support for the operation of Texas' state parks ended in 1994, the staff at Big Bend Ranch have had a strong incentive to generate more revenues from user fees. They have done this by creating a proliferation of fee-based activities. Since Big Bend Ranch operates under the EBS program, Superintendent Luis Armendariz gets to keep for the park as much as 35 percent of any revenue above his target level that he generates from new services, plus all cost savings he achieves. He spends these revenues as he chooses on the park. This year, his "profit" will buy a new pickup truck, radios to facilitate communication between rangers in the field, repairs for a park road grader, and new dishes and a freezer for the visitor lodge. New camping areas will be opening in the future and will probably increase visitation.

Custer State Park vs. Wind Cave National Park

The prairie lands in the southwest corner of South Dakota contain two parks with a common border: Wind Cave National Park and Custer State Park. The parks share similar features. With rugged mountains surrounded by prairie, the land is populated with bison, pronghorn antelope, deer, coyote, turkey, and prairie dogs. Both parks offer numerous activities including hiking, horseback riding, scenic drives, picnicking, camping, and wildlife viewing. The national park also offers caving. Both are "destination parks," attracting visitors from distant regions. Other nearby attractions include the Black Hills and Mount Rushmore. Many of the features of the parks are similar, but their administration is not.[18]

Wind Cave National Park. Established in 1903, Wind Cave National Park is not considered a major national park, but it has distinguishing features that attract tourists. The cave has more than 76 miles of passages, reaching as far as 500 feet below the surface. Its walls are covered with distinctive crystal formations unlike the stalactitic and stalagmitic growths found in most other caves. Ranger-guided cave tours are scheduled daily year-round at a cost of $3 to $15, depending on the extent of the tour. (Children under six are free but are not allowed on all cave tours; persons aged six to fifteen or persons holding a Golden Age Passport receive a 50 percent discount on tours.) Ranger-led hikes across the park's surface lands depart daily in the summer, free of charge.

Although the cave is an important asset, only one-sixth of the park visitors actually tour the cave. There is much more to the park. Its 28,000-plus acres include the cave and grasslands, pine forests, hills and ravines. In 1912, a game preserve was created to reintroduce many species previously eliminated by uncontrolled hunting. Originally, the preserve contained fourteen bison, along with elk, deer, antelope and prairie dogs. The bison herd has since grown to several hundred animals. Much of the wildlife can be observed from the road, but thirty miles of trails weave through the park's rolling prairie grasslands, ponderosa pine forests and riparian habitat. Fencing encloses the preserve, preventing most of the animals from migrating out of the park.

Wind Cave Park has a bison-carrying capacity of about three hundred animals. To keep the bison at this level, the park removes about sixty-five bison each year. They are sold to Native American tribes at an average price of $275 per head, just enough to cover the costs of roundup and sale. Elk are managed in a similar manner every three to five years. Hunting is not allowed.

The park offers no lodging, gas or groceries. Only one developed campground is available, for a fee of $10 per night during peak season, $5 during the shoulder season. There is no entrance fee into the national park and no other user fees are charged.

Custer State Park. Located directly north of Wind Cave, Custer State Park was established in 1919 to preserve wildlife, open prairie, granite spires, and pristine lakes. The park, which extends 73,000 acres, is about two-and-a-half times the size of Wind Cave. It also has abundant wildlife, including one of the world's largest bison herds, plus bighorn sheep, mountain goats, elk and burros. Like Wind Cave, the southern end of the park has rolling hills, grasslands and pine forests. The northern end, higher in elevation, has granite spires and spruce forests. Mountain streams run across the park, flowing into pristine lakes.

Activities abound at Custer. Some are free of charge (except for the entrance fee). These include fishing, climbing, swimming, boating, mountain biking, and wildlife viewing. (Custer has more water than Wind Cave, so there are more water-based activities.) Fees are charged for horseback riding, hayrides, pack trips, "Buffalo Safari Jeep Rides" to the park interior, chuck wagon dinners and theater performances (Custer State Park 1996). The park offers a full range of accommodations, from rustic to deluxe, in its four developed resorts, which have dining, lounges and general stores. The park hosts 321 campsites, from primitive to full-service, at a cost ranging from $2 per person per night to $12 per site per night. An entrance fee of $3 per person ($2 during the winter months) or $8 per vehicle ($5 in the off-season) is charged. An annual license can be purchased for $20 per vehicle.

Custer State Park generates substantial revenues through its animal management program. The park range has a winter carrying capacity of 950 bison. Spring calving increases the herd to nearly 1,500 head, so each fall Custer has a roundup and buffalo auction. The roundup has become a festive affair, attracting several thousand bystanders to watch Bob Landis and other local volunteers on horseback herd together the more than one thousand bison. In fiscal year 1996, the auction generated more than $800,000, at a cost of $135,000. Prices of the bison varied. One bull was sold for $8,000; a more typical price per animal was $2,200.

The park also has a limited hunting season for game animals, including elk, bison, bighorn sheep, and wild turkey. Hunting licenses earn money for the park and keep the number of animals within the park's carrying capacity. Game licenses brought in over $100,000 in 1996, at a cost of $35,000 for one full-time employee.

Because of its large acreage, Custer State Park has been allotted its own division under the South Dakota Department of Game, Fish and Parks. All park revenues go into a revolving fund held specifically for Custer. Annually, the park creates a budget plan under which it must operate. Funds are returned to the park via legislative appropriation but generally the park receives the amount requested and any funds not used are maintained in the fund, with interest, for Custer. The park is self-supporting in its day-to-day operations, but receives some tax dollars for maintenance.

In 1989, the park needed $7.8 million for rehabilitation and development. To foot that bill, the park renegotiated with concessionaires, increasing the franchise fee to 18 percent of gross proceeds. The first $100,000 of the fee goes to the Custer State Park fund for operating expenses; 3 percent of the fee is used for maintenance, to be appropriated by the Game, Fish and Parks Commission; and the remainder repays the state revenue bonds that were issued to complete the project. A 3 percent tax on all goods and services sold in the park helps finance marketing and promotion. These promotional efforts have increased visitation, filling campgrounds during peak periods, compared to only 40 to 50 percent of capacity previously.

Table 5
Summary of Comparisons, FY 1995

	Custer State Park	Wind Cave National Park
Acreage	73,000	28,292
Staff size	51	37
Visits	1,600,000	1,094,933
Operating budget	$ 3,019,922	$ 1,212,000
Fees	$ 2,500,000	$ 389,735
Total revenue	$ 3,607,500	$ 389,735
Revenue per acre	$ 49.42	$ 13.78
Expenses per acre	$ 41.37	$ 42.84

Sources: State park data provided by Craig Pugsley, Supervisor of Visitor Services, Custer State Park, in telephone interviews, July and November 1996; Roger Bamsey, Business Manager, Custer State Park, fax dated 12 April 1996; and a Custer State Park Resort Company publication, *1996 Lodging Rates and Information*. Data for Wind Cave National Park provided in a letter from Paul Menard, Chief of Administration, Wind Cave National Park, dated 12 August 1996; and from the park's annual publication, *Passages 1995: A Visitor's Guide to Wind Cave National Park.*

In sum, Custer State Park is much more entrepreneurial than Wind Cave National Park when it comes to generating revenue. As Table 5 indicates, in fiscal year 1995 Custer collected $566,125 more than its operating budget of $3.02 million. Part of this surplus was invested in wastewater treatment. Custer also appears to be run more efficiently. It spent slightly less per acre operating the park than did Wind Cave, but provided more customer services and more park management activities.

While Custer earns a surplus, Wind Cave loses money—nearly $.75 for every visitor. Its budget is much smaller than Custer's, only $1.2 million, and revenues are less than $400,000. Like other national parks, Wind Cave has little incentive to generate revenues.

BACK TO THE FUTURE FOR OUR PARKS

Only by making those who run our parks financially accountable to users can we spur effective management and stable funding for our parks. Toward that end, we recommend several policy changes. If enacted, they would unleash entrepreneurial abilities, increase revenues, save money, and enable park managers to refurbish visitor facilities and protect natural resources.

- Congress and state legislatures should establish a fixed schedule that gradually reduces annual appropriations for park operations over a ten-year period until they reach zero.

- Congress and state legislatures should allow park managers to institute their own fee programs.

- Most of the fees collected in these parks, about 95 percent, should remain in the park in which they were collected, to be used to fund operations there. A small amount, perhaps 5 percent, could be used to fund systemwide administration. Any revenues in excess of costs should be retained by the parks.

- Park managers should have the authority to raise fees or establish new fee-based services as demand dictates, without having to obtain approval from Congress or state legislatures.

- Each park should have a special "park endowment fund" for capital improvements and repairs. The fund would be allowed to invest in financial assets such as high-quality stock-and-bond funds and treasury bills. A percentage of concessionaire sales as well as park road tolls should also contribute to the fund (Anderson and Liffmann 1996). Interest from the fund should be used for annual repair and renovation to buildings and roads.

- Initial investments in the fund could be raised through a variety of private contractual arrangements such as corporate sponsorship of individual parks. Sponsors could pay for exclusive rights to sell or advertise their products in the park for a limited time as long as doing so did not detract from park amenities.

- As an interim step, park managers should be allowed to keep all cost savings and apply them to the budgets for subsequent years. These funds would be treated as budget enhancements, not offsets to subsequent funding.

- To curb incentives for bureaucratic growth in the long term, private competitive bids should be sought for park support functions such as security, fee collection, trash and campground cleanup, and interpretation tours. If these bids indicate that the private sector can provide these services at a much lower cost, then these functions should be provided by contract by the private sector. Government support staff would, in turn, be reduced.

Some parks will not attract enough visitors or have enough other commercially valued assets to be self-supporting. If these parks are to remain public, they should be funded separately out of general funds. Another option is to turn them over to private, nonprofit groups, with a one-time endowment fund for maintenance.

Other parks that may not attract many visitors or that require some seclusion from the public to protect environmental assets may have commercially valued assets such as oil and gas deposits. In these cases, management by a quasi-independent "park endowment board" would be appropriate (Stroup 1990).

Requiring popular parks to be self-sustaining is the surest way of spurring responsible management and financial stability. This is, after all, what Stephen Mather and other early park supporters had in mind near the turn of the century when we were a much poorer nation than we are today. Surely, with our higher incomes today, we as users can afford to pay for these amenities and help make our parks the treasures they should be.

NOTES

1. Data provided by fax from Andrew Teter, Budget Analyst, U.S. Department of the Interior, National Park Service (USDI, NPS), Budget Division-Operations Formulation Branch, Washington, D.C., dated 11 April 1996.
2. Data per Teter fax, 11 April 1996.
3. Data per Teter fax, 11 April 1996.
4. Data per Teter fax, 11 April 1996.
5. Assuming that demand is inelastic, a doubling of fees yields twice the revenue. Parks can keep 80 percent of the additional revenue or 40 percent of the total revenue.
6. Kathy Poole, Budget Analyst, USDI, NPS, Budget Division-Operations Formulation Branch, telephone interview, 23 January 1997.
7. Data provided by fax from Carol Wellington, Socio-Economic Studies, USDI, NPS, Denver, Colorado, dated July 8, 1996.
8. The Appropriations Act of 1991 allowed fees from special use permits to be retained within individual parks to cover the costs of allowing such uses. Permit revenues could be used to support park operations and carry over to the following fiscal year. In 1994, special permit revenues totaled $3.8 million. See USDI (1995, 1).
9. Don Striker, Comptroller, Yellowstone National Park, telephone interview 22 April 1997.
10. In prior years, park management chose whether to use personnel

for fee collection or in other areas. Fee collection did not receive a budgetary stipend, and with all fees going to the treasury, there was a disincentive for park personnel to collect fees since it took support away from other activities.

11. Yellowstone now charges entry fees of $10 per person, $20 per vehicle and $40 for an annual pass. Previously the fees were $4, $10, and $15.

12. Allison McLain, Director of Recreation Services, New Hampshire Division of Parks and Recreation, telephone interview, November 1996.

13. Wilburn Cox, Superintendent, Huntsville State Park, telephone interview, January 1996.

14. Steve Powell, Superintendent, Tyler State Park, telephone interview, January 1996.

15. Mike Crevier, Director of Revenue Management, Public Lands Division, Texas Parks and Wildlife Department, telephone interview, October 1996.

16. Mike Clarey, Senior Accountant, Management Accounting, Washington State Office of the Treasury, telephone interview, 21 October 1996.

17. Unless otherwise cited, information in this section was gathered in telephone interviews with Valerie Naylor, Chief of Interpretation and Visitor Services, Big Bend National Park and Luis Armendariz, Park Superintendent, Big Bend Ranch State Park, October 1996.

18. Unless otherwise cited, information in this section was gathered in telephone interviews with Paul Menard, Chief of Administration, Wind Cave National Park, April and November 1996; Ross Rice, Chief Ranger, Wind Cave National Park, November 1996; Craig Pugsley, Supervisor Visitor Services, Custer State Park; and Roger Bamsey, Business Manager, Custer State Park, July and November 1996.

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Appendix
Statistics on Four State Park Systems

	Acres (in thousands)	Visits (in thousands)	Receipts (thousands of $s)	Budget (thousands of $s)		
				Operating	Capital	Total
New Hampshire State Parks						
FY 1980	70	3,662	$ 2,245	$ 3,721	$ 5,555	$ 9,276
FY 1994	75	1,178	4,933	4,933	2,055	6,988
Texas State Parks						
FY 1980	134	14,022	5,581	12,272	12,742	27,014
FY 1995	519	24,276	19,522	33,034	—	33,034
California State Parks						
FY 1980	1,005	58,024	15,338	69,755	245,813	315,568
FY 1994	1,334	64,314	58,306	180,250	11,984	192,234
Washington State Parks						
FY 1980	86	37,154	2,219	15,359	3,219	19,271
FY 1995	255	47,186	9,128	49,862	20,294	70,156

Source: National Association of State Park Directors (1981), (1995), and (1996).

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HORACE M. ALBRIGHT
ACTING DIRECTOR, NATIONAL PARK SERVICE, 1917

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