



United States General Accounting Office
Washington, DC 20548

Resources, Community, and
Economic Development Division

B-284008

November 18, 1999

The Honorable James V. Hansen
Chairman, Subcommittee on
National Parks and Public Lands
Committee on Resources
House of Representatives

Subject: National Park Service: Recreational Fee Demonstration Program Spending Priorities

Dear Mr. Chairman:

In 1996, the Congress authorized the recreational fee demonstration program. The demonstration period is to run through 2001 and includes the four major federal land management agencies—the Bureau of Land Management, the Fish and Wildlife Service, and the National Park Service (NPS) within the Department of the Interior and the Forest Service within the Department of Agriculture. Essentially, the demonstration program is designed to get visitors to pay for a greater portion of the operating costs at participating recreation sites by charging them increased or new entrance and user fees. At a minimum, 80 percent of the revenue from the increased fees is required to stay at the locations where it was generated. The additional fee revenue is available for agencies to use in addressing a variety of needs. Through fiscal year 1998, the Park Service had collected about \$182 million—or about 83 percent of the total fees collected by the four agencies.

Now that the program has been operating for a few years, some Members of Congress and others have expressed concern about how the agencies are using the additional money. Many of these concerns focus on whether the Park Service is using this additional money to address its highest-priority needs. Specifically, you asked us to determine

- how park spending priorities are identified;
- whether the spending of program funds is consistent with park priorities; and
- if the spending of program funds is inconsistent with parks' high-priority needs, why such conditions exist.

As agreed with your office, to address these issues we reviewed the recreational fee demonstration program at a sample of four Park Service units. These were Grand Canyon National Park, Jefferson National Expansion Memorial, Sequoia-Kings Canyon National Park, and Yellowstone National Park. We selected the Grand Canyon and Yellowstone because you had particular concerns about those locations. We selected the other two park units from different regional offices to identify any differences in how the fee demonstration program was being administered in different geographic locations. Because our work was not based

on a statistical sample, the information we obtained for the four park units may not be representative of all Park Service units. However, the information we gathered provides useful insights into how the agency is implementing the program.

This letter summarizes our answers to your questions. Enclosure I documents the information we provided during a briefing with your office on September 28, 1999. Enclosure II provides detailed spending information for each of the four park units included in our review.

In brief, we found the following:

- Park spending priorities are generally determined by park division managers, such as the heads for maintenance, interpretation, or law enforcement for their respective areas. At the parks we visited, there was no consolidated list of parkwide spending priorities.
- The revenue collected from the fee demonstration program was spent on items that appeared on the respective priority lists of division managers at the four parks we visited. However, since the parks we reviewed did not have a single list of parkwide priorities, we could not assess whether the parks were spending program funds for their highest priority projects.
- Senior officials at each location, including park superintendents, told us that revenue from the fee demonstration program is not always spent on the highest priority projects. They told us that this occurred primarily because other funding sources are sometimes available¹ for high-priority projects. Under such circumstances, park managers attempt to stretch the availability of fee revenue by using these other funding sources where possible. According to these officials, if this approach is not practical, they then turn to fee revenue to fund whatever high-priority project they can.

Overall, we found that, at the parks we visited, several key factors make it difficult to independently assess whether a park's highest-priority projects are being funded with fee demonstration funds. The most significant factor is the absence of a single list of spending priorities for each park. Developing such a list for each park would have both pros and cons. On the one hand, it would enable park managers to rank their spending priorities, allowing them and others to track whether their park's highest-priority needs were being addressed. On the other hand, for the full benefit of such an approach to be realized, the Congress would have to ease a number of spending restrictions that it has placed on the parks over the years. Easing these spending restrictions would provide park managers with more discretion in deciding where to spend the appropriated funds made available to them, giving them more flexibility in addressing park priorities. Such changes would not, however, be consistent with the Congress's past desire to help control spending in specific areas of park operations.

Besides obtaining information at the four parks that we selected, we contacted Park Service headquarters offices and the three regional offices responsible for the parks we reviewed—the Intermountain Regional Office, Denver, Colorado; the Midwest Regional Office, Omaha, Nebraska; and the Pacific West Regional Office, San Francisco, California. We interviewed

¹Project funds, such as maintenance and repair and rehabilitation funds, provide funding for various nonrecurring park needs. Each fund has different eligibility criteria, and parks compete on either a regional or a nationwide basis for the funds.

officials and obtained fee demonstration program documents from headquarters, regional, and park managers at each of these locations.

We provided a draft of this report to the Park Service for its review and comment. The Park Service generally agreed with the report and provided a number of technical and editorial comments, which we incorporated as appropriate.

We conducted our review from May 1999 through November 1999 in accordance with generally accepted government auditing standards.

As agreed with your office, we will make copies of this letter available to others upon request. If you have any questions or need additional information, please contact me or Cliff Fowler at (202) 512-3841. Key contributors to this letter include Brian Estes, Cliff Fowler, and Paul Staley.

Sincerely yours,

A handwritten signature in cursive script that reads "Jim Wells".

Jim Wells
Director, Energy, Resources,
and Science Issues

Enclosures

GAO

Recreational Fee Demonstration Program
Spending Priorities in the National Park
Service

GAO Background

- The Congress was concerned about declining recreational opportunities and deferred maintenance on federal lands

 - In 1996, the Congress authorized the recreational fee demonstration program (fee demo) for four land management agencies:
 - Bureau of Land Management
 - Fish and Wildlife Service
 - Forest Service
 - National Park Service (NPS)
-

GAO Background (cont.)

- Key program characteristics:
 - Provided for new or increased fees for recreation on federal lands
 - Required at least 80 percent of fee revenues to be spent at the collecting sites
 - Authorized up to 100 sites per agency
-

GAO Background (cont.)

- Fee demo funds may be used for deferred repair and maintenance; enhancements to interpretation, signage, habitats, and facilities; resource preservation; and law enforcement
 - Fee demo funds may not to be used for permanent staff, housing, or administrative buildings
-

GAO Background (cont.)

- Interior and NPS determined that fee demo projects should address health/safety issues
 - Permanent structures costing over \$500,000 must be approved by House and Senate Appropriations Committees
 - Agencies have until Sept. 30, 2004, to use fee demo revenues
-

GAO Background (cont.)

- Fee demo revenues:
 - Through fiscal year 1998, the four agencies had collected about \$219.6 million (see note)
 - NPS had collected about 83 percent of the total

Note: Totals were available for all four agencies only through fiscal year 1998

GAO Background (cont.)

- Fee demo expenditures:
 - Through fiscal year 1998, the four agencies had spent about \$76 million (see note)
 - NPS had spent about 68 percent of the total

Note: Totals were available for all four agencies only through fiscal year 1998

GAO Objectives

Because of concerns about NPS, you asked us to review

- how park spending priorities are identified;
 - whether spending of fee demo funds is consistent with park priorities; and
 - if spending is inconsistent with parks' high-priority needs, why such conditions exist
-

GAO Scope and Methodology

- Contacted NPS officials at headquarters and three regional offices: Intermountain (Denver, CO), Midwest (Omaha, NE), and Pacific West (San Francisco, CA)
 - Visited four parks: Grand Canyon NP, Jefferson National Expansion Memorial, Sequoia-Kings Canyon NP, Yellowstone NP
-

GAO Scope and Methodology (cont.)

Parks were selected for visits because

- they were located in different regions and
- the Chairman had concerns about spending priorities at two of them--Grand Canyon NP and Yellowstone NP

GAO Objective 1: How are park spending priorities identified?

Park division managers identify spending priorities for their respective areas (e.g., maintenance, interpretation, law enforcement, and others)

- No single list consolidates the spending priorities of various division managers
 - Hence, decisions on spending priorities are made among competing demands of operating divisions within a park
-

GAO Objective 1: (cont.)

At the four parks, division managers' spending priority decisions are reviewed/approved by senior park managers, including the superintendent

GAO Objective 2: Is the spending of fee demo funds consistent with park priorities?

At the four parks we reviewed

- Fee demo expenditures for fiscal years 1997-99 were consistent with the needs of park division managers
 - These expenditures were also consistent with law and Interior and NPS criteria
 - Since parks have no overall priority list, we could not assess whether spending was for their highest-priority needs
-

GAO Objective 2: (cont.)

At the four parks, funds were largely spent for

- road and trail maintenance,
 - campground/restroom renovation,
 - natural resource management,
 - visitor services and facilities, and
 - fee collection activities
-

GAO Objective 2 (cont.)

Fee Demo at Grand Canyon NP:

- Total revenues for fiscal years 1997-99:
\$42.1 million
- Total expenditures for fiscal years 1997-99:
\$14 million
- Expenditure categories: visitor
transportation, fee collection infrastructure,
trails, natural resources, curatorial research

(See enc. II for details)

GAO Objective 2 (cont.)

Fee Demo at Jefferson National Expansion
Memorial (Gateway Arch):

- Total revenues for fiscal years 1998-99:
\$3.9 million
- Total expenditures for fiscal years 1998-99:
\$0.9 million
- Expenditure categories: theater operations

(See enc. II for details)

GAO Objective 2 (cont.)

Fee Demo at Sequoia-Kings Canyon NP:

- Total revenues for fiscal years 1997-99:
\$5.1 million
- Total expenditures for fiscal years 1997-99:
\$0.8 million
- Expenditure categories: trails, roads and parking, campground restoration, wilderness education program

(See enc. II for details)

GAO Objective 2 (cont.)

Fee Demo at Yellowstone NP:

- Total revenues for fiscal years 1997-99:
\$13.0 million
- Total expenditures for fiscal years 1997-99:
\$6.2 million
- Expenditure categories: roads, trails,
water/wastewater systems, campgrounds,
natural resource management

(See enc. II for details)

GAO Objective 3: Are there differences between spending and high-priority needs?

Park officials told us why fee demo funds are not always spent on the highest-priority projects

- Some high-priority projects receive funding from other sources
 - Other funding sources include, for example, funds for maintenance and repair/rehabilitation
 - These funds were established by the Congress and have varying eligibility criteria
-

GAO Objective 3: (cont.)

- Each park division has high-priority needs that compete for these funds
 - Park divisions may differ over what constitutes a high-priority project
 - Use of fee demo funds for a project may depend on how likely it is that the project will receive funding from other sources
-

GAO Objective 3: (cont.)

- Generally, fee demo funds are used for high-priority projects that are not likely to receive other funding
 - For example, Sequoia-Kings Canyon NP plans to use \$268,000 in repair/rehab funds to repair a septic tank and aging pipes that threaten nearby streams
 - While this is a high-priority project, fee demo funds are not being used for it
-

GAO Objective 3: (cont.)

- Similarly, Jefferson National Expansion Memorial repaired deteriorated sidewalks and concrete stairs with \$101,000 in maintenance funds
 - Again, this was a high-priority item, but fee demo funds were not used for it
-

GAO Overall observations

A variety of factors make it difficult to assess whether the highest-priority projects are being funded with fee demo funds

- There is no single list of spending priorities for each park
 - Park divisions have lists of spending priorities that compete with each other
 - Having multiple project funding sources may make fee demo funds available for some lower-priority projects
-

GAO Overall observations (cont.)

Establishing a single list of priorities for each park has pros and cons

- Pros:
 - Easier to track highest-priority needs of each park
 - Easier to determine if these highest-priority needs are being addressed
-

GAO Overall observations (cont.)

- Cons:
 - For maximum effectiveness, changes to NPS' current funding procedures would be needed to give park managers more flexibility in spending park funds
 - Such changes might not be desirable because they would diminish departmental and congressional control over spending
-

**Recreational Fee Demonstration Revenues and
Project Expenditures at Four Park Units, Fiscal Years 1997-99**

Park	Total fee demo revenues^a	Total fee demo expenditures^b
Grand Canyon National Park		
Construct a visitor transportation and orientation center		\$11,562,164
Upgrade fee collection infrastructure		367,298
Upgrade curatorial research and storage		454,738
Rehabilitate restrooms		400,000
Restore historic district/perform south rim maintenance		158,014
Improve backcountry trails		140,764
Develop an overflight noise management plan		455,216
Revise Colorado River management plan		110,057
Repair storm-damaged trails		300,000
Other		75,335
Total	\$42,131,493	\$14,023,586
Jefferson National Expansion Memorial^c		
Fund theater operations		\$906,892
Total	\$3,899,687	\$906,892
Sequoia-Kings Canyon National Park		
Rehabilitate trails		\$471,362
Rehabilitate roads and parking areas		315,852
Restore campground		34,753
Fund a wilderness education program		18,636
Total	\$5,082,564	\$840,603
Yellowstone National Park		
Repair/rehabilitate roads		\$1,941,600
Rehabilitate backcountry campsites		298,800
Control exotic aquatic species		184,200
Address resource protection backlog		143,800
Rehabilitate trails and overlooks		743,000
Conduct winter use/winter bison studies		623,800
Rehabilitate electronic infrastructure		90,000
Repair utility systems		404,820
Rehabilitate amphitheaters		289,800
Rehabilitate public restrooms		267,400
Other		1,171,400
Total	\$13,016,480^d	\$6,158,620

^aIncludes the 80 percent of fee demo revenues required to remain at the collecting unit, less the costs of collection.

^bDoes not include expenditures from the 20-percent portion of fee demo revenues or from Golden Eagle revenues. Also does not include the costs of collection.

^cIncludes revenues only from fiscal years 1998 and 1999; unit did not participate in the fee demo program in fiscal year 1997.

^dDoes not include funds paid annually to Gardiner, Montana, school district.

(141325)

Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. VISA and MasterCard credit cards are accepted, also. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

Orders by mail:

**U.S. General Accounting Office
P.O. Box 37050
Washington, DC 20013**

or visit:

**Room 1100
700 4th St. NW (corner of 4th and G Sts. NW)
U.S. General Accounting Office
Washington, DC**

**Orders may also be placed by calling (202) 512-6000
or by using fax number (202) 512-6061, or TDD (202) 512-2537.**

Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (202) 512-6000 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.

For information on how to access GAO reports on the INTERNET, send an e-mail message with "info" in the body to:

info@www.gao.gov

or visit GAO's World Wide Web Home Page at:

<http://www.gao.gov>

**United States
General Accounting Office
Washington, D.C. 20548-0001**

<p>Bulk Rate Postage & Fees Paid GAO Permit No. G100</p>

**Official Business
Penalty for Private Use \$300**

Address Correction Requested
