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NATIONAL PARK SERVICE

Major Operations Funding Trends and How Selected Park Units Responded to Those Trends for Fiscal Years 2001 through 2005

Statement for the Record
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Natural Resources and Environment

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GAO-06-631T

NATIONAL PARK SERVICE

Major Operations Funding Trends and How Selected Park Units Responded to Those Trends for Fiscal Years 2001 through 2005

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Highlights

Highlights of GAO-06-631T, a statement for the record to the Subcommittee on Interior, Environment, and Related Agencies; Committee on Appropriations; U.S. House of Representatives

Why GAO Did This Study

In recent years, some reports prepared by advocacy groups have raised issues concerning the adequacy of the Park Service's financial resources needed to effectively operate the park units.

This statement addresses (1) funding trends for park service operations and visitor fees for fiscal years 2001-2005; (2) specific funding trends for 12 selected high-visitation park units and how, if at all, the funding trends have affected operations; and (3) recent management initiatives the Park Service has undertaken to address fiscal performance and accountability of park units. This statement is based on GAO's March 2006 report, *National Park Service: Major Operations Funding Trends and How Selected Park Units Responded to Those Trends for Fiscal Years 2001 through 2005*, GAO-06-431 (Washington, D.C.: March 31, 2006).

What GAO Recommends

GAO recommends that the Department of the Interior allow park units to use visitor fee revenues to pay the costs of permanent employees administering projects funded by visitor fees.

www.gao.gov/cgi-bin/getrpt?GAO-06-631T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Robin Nazzaro at (202) 512-3841 or nazzaror@gao.gov.

What GAO Found

Overall, amounts appropriated to the National Park Service (Park Service) in the Operation of the National Park System account increased from 2001 to 2005. In inflation-adjusted terms, amounts allocated by the Park Service to park units from this appropriation for daily operations declined while project-related allocations increased. Project-related allocations increased primarily in (1) Cyclic Maintenance and Repair and Rehabilitation programs to reflect an emphasis on reducing the estimated $5 billion maintenance backlog and (2) the inventory and monitoring program to protect natural resources through the Natural Resource Challenge initiative. Also, on an average annual basis, visitor fees collected increased about 1 percent—a 2 percent decline when adjusted for inflation.

All park units we visited received project-related allocations, but most of the park units experienced declines in inflation-adjusted terms in their allocations for daily operations. Each of the 12 park units reported their daily operations allocations were not sufficient to address increases in operating costs, such as salaries, and new Park Service requirements. In response, officials reported that they either eliminated or reduced some services or relied on other authorized sources to pay operating expenses that have historically been paid with allocations for daily operations. Also, implementing important Park Service policies—without additional allocations—has placed additional demands on the park units and reduced their flexibility. For example, the Park Service has directed its park units to spend most of their visitor fees on deferred maintenance projects. While the Park Service may use visitor fees to pay salaries for permanent staff who administer projects funded with these fees, it has a policy prohibiting such use. To alleviate the pressure on daily operations allocations, we believe it would be appropriate to use visitor fees to pay the salaries of employees working on visitor fee funded projects. Interior believes that, while employment levels at individual park units may have fluctuated for many reasons, employment servicewide was stable, including both seasonal and permanent employees.

GAO identified three initiatives—Business Plan, Core Operations Analysis, and Park Scorecard—to address park units' fiscal performance and operational condition. Of the park units with a business plan we visited, officials stated that the plan, among other things, have helped them better identify future budget needs. Due to its early development stage, only a few park units have participated in the Core Operations Analysis; for those we visited who have, officials said that they are better able to determine where operational efficiencies might accrue. Park Service headquarters used the Scorecard to validate and approve increases in funding for daily operations for fiscal year 2005.

Mr. Chairman and Members of the Subcommittee:

We are pleased to provide for the record a summary of our report on issues surrounding the principle sources of funding for the operations of the National Park Service (Park Service) from fiscal years 2001 through 2005, and how the selected park units we visited responded to their allocations of such funds. Congress provides funding for the Park Service through a number of appropriations accounts; the largest is the Operation of the National Park System (ONPS), which funds the management, operations, and maintenance of park areas and facilities and the general administration of the Park Service.[1] Congress has made additional funding available by permitting the Park Service to charge and retain recreation fees, referred to in this report as "visitor fees." The Park Service also has, among other sources, authority to charge and retain concessions fees and to accept donations and voluntary services. As with any federal program, the Park Service is expected to manage within whatever level of funding is provided and to allocate resources to its park units in a way that is both efficient and effective in delivering services.

The Park Service has chosen to allocate funds to its park units in two categories—for daily operations, and another for specific, non-recurring projects. Park managers use allocations for daily operations to pay for visitor and resource protection, interpretation and education, and facilities operations, among other things. About 80 percent or more of the park units' daily operations allocations pay for salaries and benefits for staff to carry out these mission components, while the remainder is used for overhead expenses such as utilities, supplies, and training. The project-related portion provides funds for non-recurring projects such as replacing roofs on park facilities or rehabilitating campgrounds. Park managers generally use these project allocations to pay temporary employees or contractors to complete these projects.

In recent years, concerns over the deteriorating condition of the national parks have received increasing attention. Some reports prepared by advocacy groups cite a lack of sufficient staff and financial resources necessary to effectively operate the park units. They report dwindling

[1]The Park Service has aseparate appropriation account for construction, which includes major improvements and repairs; an appropriation account for the U.S. Park Police; and other appropriation accounts, such as National Recreation and Preservation, Historic Preservation, and Land Acquisition and State Assistance. However, they are not the subject of this report.

visitor services, crumbling buildings, and threatened resources at many park units including the Everglades, Gettysburg, Great Smoky Mountains, Olympic, Yellowstone, and others. Some of these reports argue that the purchasing power of the park units' funding has been weakened due to inflation and required employee pay and benefit increases that were not accounted for in their daily operations funding. However, the Department of the Interior stated that the Park Service's operating funds have increased significantly from 1980 through 2005, particularly when compared to other domestic federal agencies.

This statement, which is based on our recent report on the operating condition of the national parks,[2] addresses (1) funding trends for Park Service operations and visitor fees for fiscal years 2001 through 2005; (2) specific funding trends for several high-visitation park units and how, if at all, these funding trends have affected operations, including the park units' ability to provide services for fiscal years 2001 through 2005; and (3) recent management initiatives the Park Service has undertaken to address the fiscal performance and accountability of park units.

To identify funding trends for Park Service operations and visitor fees from fiscal years 2001 through 2005, we obtained and analyzed appropriations legislation, data on the Park Service's allocation of funds from the ONPS account, and data on visitor fees.[3] To determine funding trends for selected individual park units and how these trends affected the park units' ability to provide services to visitors, we selected 12 park units based on visitation, regional diversity, and preliminary data on allocations for daily operations. We visited the 12 park units, gathered and analyzed funding and cost data, and interviewed park officials to determine allocation trends and their impact on operations (including visitor services). To identify recent management initiatives the Park Service has under way to address fiscal performance and accountability for fiscal years 2001 to 2005, we gathered and reviewed documentation on several management initiatives and interviewed Park Service headquarters, regional office, and individual park unit officials. A more detailed

[2]U.S. Government Accountability Office, *National Park Service: Major Operations Funding Trends and How Selected Park Units Responded to Those Trends for Fiscal Years 2001 through 2005*, GAO-06-431 (Washington, D.C.: March 31, 2006).

[3]To remove the effects of inflation, we adjusted nominal dollars using the Gross Domestic Product Price Index for Government Consumption Expenditures and Gross Investment (federal nondefense sector), with 2001 as the base year.

description of our scope and methodology is contained in the report on which this statement is based. We performed our work from January 2005 to March 2006 in accordance with generally accepted government auditing standards.

In summary we found that

- Overall, amounts appropriated to the Park Service in the ONPS account increased from fiscal years 2001 through 2005. The amounts appropriated rose from about $1.4 billion in fiscal year 2001 to almost $1.7 billion in fiscal year 2005—an average annual increase of about 5 percent, or about 1 percent when adjusted for inflation. The Park Service makes this appropriation available to park units by allocating amounts for daily operations and for projects. In inflation-adjusted terms, the Park Service's allocation for daily operations declined slightly while the project-related allocations increased. The amount the Park Service allocated to park units for daily operations increased from about $903 million in fiscal year 2001 to almost $1.03 billion in fiscal year 2005—an average annual increase of about 3 percent per year, but a slight decline of 0.3 percent per year when adjusted for inflation. In allocating resources to park units, the Park Service increased allocations for project-related activities at a higher rate than for daily operations. Project-related allocations increased overall in both nominal and inflation-adjusted dollars. Total project-related allocations rose from $478 million in 2001 to $641 million in 2005, an average annual increase of about 8 percent per year, or about 4 percent per year in inflation-adjusted dollars. In addition to this funding, the Park Service collected a total of about $717 million in visitor fees from fiscal years 2001 through 2005—or about $670 million when adjusted for inflation.

- All of the 12 high-visitation park units that we visited received project-related allocations between fiscal years 2001 through 2005, but for most park units their allocations for daily operations declined in inflation-adjusted terms. Allocations of project-related funds at the 12 high-visitation park units we visited varied from year to year. Although allocations for daily operations increased in nominal terms from 2001 through 2005 at all 12 parks we visited, 8 of the 12 experienced a decline in inflation-adjusted allocations and 4 experienced an increase in inflation-adjusted allocations. Park managers at all 12 park units we visited reported their allocations were not sufficient to address increases in operating costs, such as salary and benefit increases and rising utility costs; and new Park Service requirements directed at reducing its deferred maintenance needs, implementing its asset management strategy, and maintaining law enforcement levels. Officials also stated that these factors reduced their management flexibility. For example, the Park Service set a goal to spend the majority of its visitor fees on deferred maintenance projects. While the Park Service may use visitor fees to pay salaries for permanent staff that administer projects funded with these fees, it has a policy prohibiting such use. Instead, these salaries are paid using allocations for daily operations, which reduces the amount of the allocation available for visitor services and other activities, and limits the park units' ability to maintain these services and activities. To alleviate the pressure on daily operations allocations, we believe it would be appropriate to use visitor fees to pay the salaries of employees working on visitor fee-funded projects.

- In response to daily operations allocation trends, increased costs, and new policy requirements, parks reported that they either eliminated or reduced some services; they also relied on other authorized funding sources and volunteers to pay for activities that have historically been paid for from the allocations for daily operations. Because allocations for daily operations did not increase commensurately with rising costs, officials at the park units we visited stated that they absorbed these additional costs by reducing spending on personnel and other expenditures. Park officials also told us that they reduced services including, reducing visitor center hours, educational programs, basic custodial duties, and law enforcement operations, such as back-country patrolling. Officials at the park units also stated that they increasingly relied on volunteers and nonprofit partner organizations to provide services that were traditionally offered by park rangers, including providing information and educational programs to visitors. In commenting on a draft of our report, the Department of the Interior said that the report creates a misleading impression concerning the state of park operations, claiming that (1) record high levels of funds are being invested to staff and improve parks and (2) the report does not examine the results achieved with these inputs. The department also believes that while employment levels at individual park units may have fluctuated for many reasons, employment servicewide was stable, including both seasonal and permanent employees. We believe, however, that the report provides a detailed analysis of the major funding trends affecting Park Service operations, including those at the 12 park units we visited, as well as the department's initiatives and efforts to achieve results.

- We identified three management initiatives that the Park Service has undertaken to address fiscal performance and accountability and to better manage within available resources: the Business Plan Initiative (BPI), the Core Operations Analysis (COA), and the Park Scorecard. These initiatives are in varying stages of development and implementation. For the most part, it is too soon to assess the effectiveness of these initiatives.

Background

The Park Service is the caretaker of many of the nation's most precious natural and cultural resources. Today, more than 130 years after the first national park was created, the National Park System has grown to include 390 units covering over 84 million acres. These units include a diverse mix of sites—now in more than 20 different categories.[4] The Park Service's mission is to preserve unimpaired the natural and cultural resources of the National Park System for the enjoyment of this and future generations. Its objectives include providing for the use of the park units by supplying appropriate visitor services and infrastructure (e.g., roads and facilities) to support these services. In addition, the Park Service protects its natural and cultural resources (e.g., preserving wildlife habitat and Native American sites) so that they will be unimpaired for the enjoyment of future generations.

The Park Service receives its main source of funds to operate park units through appropriations in the ONPS account. The Park Service chooses to allocate funds to its park units in two categories—one for daily operations, and another for specific, non-recurring projects. Daily operations allocations for individual park units are built on park units' allocation for the prior year. Park units receive an increased allocation for required pay increases and may request specific increases for new or higher levels of ongoing operating responsibilities, such as adding additional law enforcement rangers for increased homeland security protection. As is true for other government operations, the cost of operating park units will increase each year due to required pay increases, the rising costs of benefits for federal employees, and rising overhead expenses such as utilities. The Park Service may provide additional allocations for daily operations to cover all or part of these cost increases. If the continuation of operations at the previous year's level would require more funds than are available, park units must adjust either by identifying efficiencies

[4]These include (1) national parks, such as Yellowstone in Idaho, Montana, and Wyoming; Yosemite in California; and Grand Canyon in Arizona; (2) national historic parks, such as Harper's Ferry in Maryland, Virginia, and West Virginia; and Valley Forge in Pennsylvania; (3) national battlefields, such as Antietam in Maryland; (4) national historic sites such as Ford's Theatre in Washington, D.C.; and Carl Sandburg's home in North Carolina; (5) national monuments, such as Fort Sumter in South Carolina and the Statue of Liberty in New York and New Jersey; (6) national preserves, such as Yukon-Charley Rivers in Alaska; and (7) national recreation areas, such as Lake Mead in Arizona and Nevada.

within the park unit, use other authorized funding sources such as fees or donations to fund the activity, or reduce services. Upon receiving their allocations for daily operations each year, park unit managers exercise a great deal of discretion in setting operational priorities. Generally, 80 percent or more of each park unit's allocation for daily operations is used to pay the salaries and benefits of permanent employees (personnel costs). Park units use the remainder of their allocations for daily operations for overhead expenses such as utilities, supplies, and training, among other things.

In addition to daily operations funding, the Park Service also allocates project-related funding to park units for specific purposes to support its mission. For example, activities completed with Cyclic Maintenance and Repair and Rehabilitation funds include re-roofing or re-painting buildings, overhauling engines, refinishing hardwood floors, replacing sewer lines, repairing building foundations, and rehabilitating campgrounds and trails. Park units compete for project allocations by submitting requests to their respective regional office and headquarters. Regional and headquarters officials determine which projects to fund. While an individual park unit may receive funding for several projects in one year, it may receive none the next.

Park units are authorized to collect revenue from outside sources such as visitor fees and donations—although how they are used may be limited to specific purposes. Since 1996, the Congress has provided the park units with authority to collect fees from visitors and retain these funds for use on projects to enhance recreation and visitor enjoyment, among other things.[5] Since 2002, the Park Service has required park units to spend the majority of their visitor fees on deferred maintenance projects, such as road or building repair. The Park Service also receives revenue from concessionaires under contract to perform services at park units—such as operating a lodge—and cash or non-monetary donations from non-profit

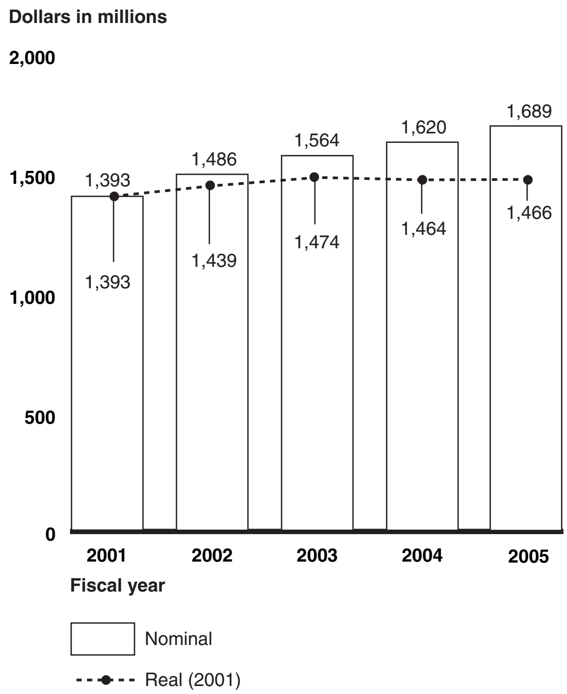
[5]During the period of this review, the Park Service collected fees, referred to as "offsetting collections," under the Recreational Fee Demonstration Program authorized by Pub. L. No. 104-134, as amended, which stipulated that uses for these funds include backlogged repair and maintenance projects, interpretation, signage, habitat or facility enhancement, resource preservation, annual operation (including fee collection), maintenance, and law enforcement relating to public use. Under this program at least 80 percent of the fees were retained by a park unit and 20 percent went to a central fund managed by the Park Service. Under current legislation (the Federal Lands Recreation Enhancement Act, Pub. L. No. 108-447, enacted December 8, 2004), park units are allowed to collect and use visitor fees in a generally similar fashion.

organizations or individuals. These funds may vary from year to year and, in the case of donations, may be accompanied by stipulations on how the funds may be used.

Appropriations for the Operation of the National Park System Account Increased Overall from Fiscal Year 2001 to 2005; When Adjusted for Inflation, the Total Allocation for Daily Operations Declined Overall and the Total Allocation for Projects Increased Overall

Overall appropriations for the ONPS account—including the amounts the Park Service allocated for daily operations and projects—rose in both nominal and inflation-adjusted dollars overall from fiscal year 2001 through 2005. Appropriations increased in nominal terms from about $1.4 billion in fiscal year 2001 to almost $1.7 billion in fiscal year 2005, an average annual increase of about 4.9 percent (i.e., about $68 million per year). After adjusting these amounts for inflation, the average annual increase was about 1.3 percent or almost $18 million per year. By contrast, the Park Service's overall budget authority increased to about $2.7 billion in 2005 from about $2.6 billion in 2001, an average increase of about 1 percent per year. In inflation adjusted dollars, the total budget authority fell by an average of about 2.5 percent per year. Figure 1 shows the appropriations for the ONPS account from fiscal years 2001 through 2005.

Figure 1: Appropriations for the ONPS Account from Fiscal Years 2001 through 2005

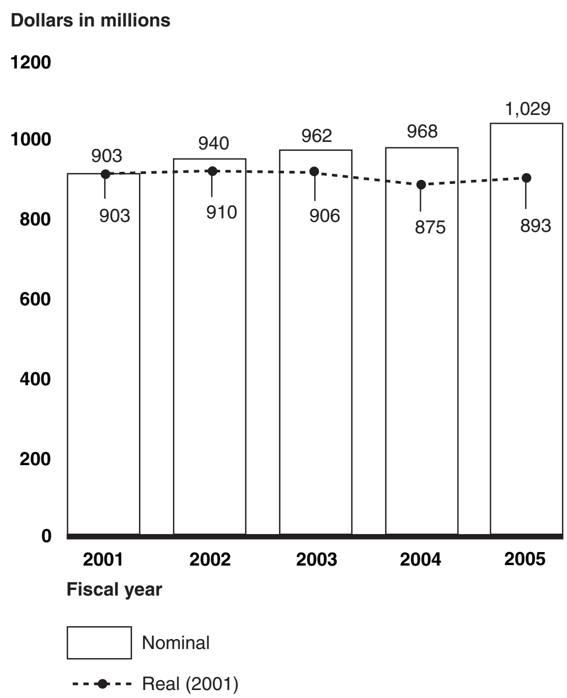


Source: GAO analysis of Park Service data.

Note: Totals for ONPS do not include Park Service spending authority for offsetting collections, in nominal terms, of $17 million in fiscal year 2001, $18 million in fiscal year 2002, $17 million in fiscal year 2003, $21 million in fiscal year 2004, and $21 million in fiscal year 2005. These offsetting collections are reimbursements from other federal or state entities that are credited to this account. Visitor fee revenues are deposited in a separate account.

The Park Service's total allocation for daily operations for park units increased overall in nominal dollars but declined slightly when adjusted for inflation from fiscal year 2001 through 2005. As illustrated in figure 2, overall allocations for daily operations for park units rose from about $903 million in fiscal year 2001 to almost $1.03 billion in fiscal year 2005—an average annual increase of about $30 million, or about 3 percent. After adjusting for inflation, the allocation for daily operations fell slightly from about $903 million in 2001 to about $893 million in 2005—an average annual decline of about $2.5 million, or 0.3 percent. The fiscal year 2005 appropriation for the ONPS account included an additional $37.5 million over the amounts proposed by the House and Senate for the ONPS account, to be used for daily operations. The conference report accompanying the appropriation stated that the additional amount was to be used for (1) a service-wide increase of $25 million and (2) $12.5 million for visitor services programs at specific park units.

Figure 2: Overall Allocations for Daily Operations for Park Units from Fiscal Years 2001 through 2005



Source: GAO analysis of Park Service data.

Note: Overall allocations for daily operations include amounts for park units only, and do not include allocations for the national trail system, other field offices, and affiliated areas.

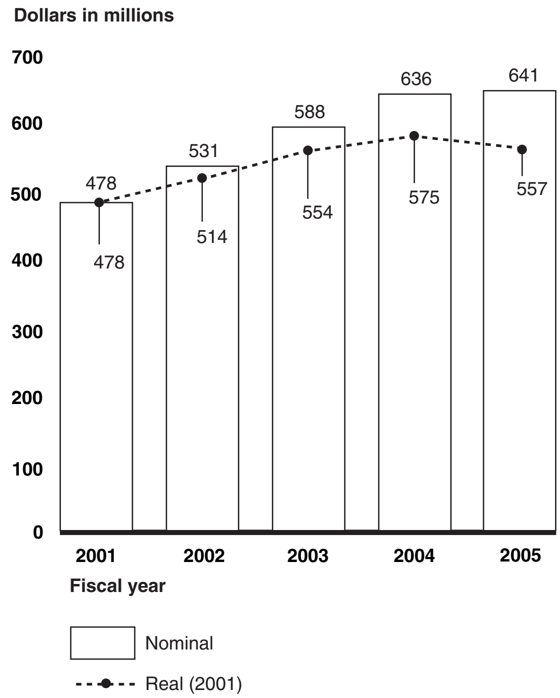
Allocations for projects and other support programs increased overall in both nominal and inflation-adjusted dollars.[6] These allocations rose from about $478 million in 2001 to about $641 million in 2005—an average annual increase of about 7.7 percent, or about $36.5 million. When

[6]Projects and other support programs include allocations from the ONPS account other than allocations for daily operations. It includes overall funding for numerous project-related sources such as Cyclic Maintenance, Repair and Rehabilitation and other support programs such as allocations for central offices (seven regional offices and the headquarters office), field resource centers, and other external administrative costs such as telecommunications and unemployment compensation payments.

adjusted for inflation, the increase was 3.9 percent, or about $18.7 million per year. Figure 3 shows allocation trends of projects and other support programs for the Park Service from fiscal years 2001 through 2005. Three programs that include project funding for individual park units—Cyclic Maintenance, Repair and Rehabilitation, and Inventory and Monitoring—account for over half of the increase for the project and support program allocations. As a percentage of total project and support program funding, funding for these programs rose to 31 percent in 2005 from 23 percent in 2001. For example, Cyclic Maintenance program funding increased from $34.5 million in 2001 to $62.8 million in 2005—an average annual increase of 16.2 percent in nominal terms or 12.1 percent when adjusted for inflation. Increases in the Cyclic Maintenance and Repair and Rehabilitation programs reflect an emphasis on the effort for the Park Service to reduce its estimated $5 billion maintenance backlog. Increases in the Inventory and Monitoring Program reflect an emphasis on protecting natural resources primarily through an initiative called the Natural Resource Challenge.[7]

[7]From 2001 through 2005, the Park Service allocated a total of about $62 million to Natural Resource Challenge related-programs from its ONPS lump-sum appropriation, the majority of which was project-related funding.

Figure 3: Project and Other Support Program Allocations from Fiscal Years 2001 through 2005



Source: GAO analysis of Park Service data.

Visitor fees are also used to support park units. Overall, the Park Service collected about $717 million in visitor fees in addition to their annual appropriation for operations from 2001 through 2005, increasing from about $140 million to about $147 million in 2005 (an average annual increase of about 1 percent); however, in inflation-adjusted dollars, the Park Service collected about $670 million in visitor fees, falling from about $140 million in 2001 to about $127 million 2005 (an average annual decline of over 2 percent). Overall, the Park Service collected an average of about $143 million per year in nominal terms or about $134 million per year when adjusted for inflation. Visitor fee revenue depends on several factors, including the number of visitors to each park unit, the number of national passes purchased, and the amount each park charges for entry and services.

Allocation Trends for Projects and Daily Operations at 12 High-Visitation Park Units Varied, but All 12 Parks Reported Reduced Services and an Increasing Reliance on Other Authorized Sources to Supplement Daily Operations Allocations

All 12 park units we visited received allocations for projects from fiscal years 2001 through 2005 that varied among years and among park units. Allocations for daily operations for the 12 park units we visited also varied. On an average annual basis, each unit experienced an increase in daily operations allocations, but most experienced a decline in inflation-adjusted terms. Officials at each park believed that their daily operations allocations were not sufficient to address increases in operating costs and new Park Service management requirements. To manage within available funding resources, park unit managers also reported that, to varying degrees, they made trade-offs among the operational activities—which in some cases resulted in reducing services in areas such as education, visitor and resource protection, and maintenance activities. Park officials also reported that they increasingly relied on volunteers and other authorized funding sources to provide operations and services that were previously paid with allocations for daily operations from the ONPS account.

Park units use project-related allocations for such things as rehabilitating structures, roads, and trails; and inventorying and monitoring natural resources. The allocations for projects at the 12 park units totaled $76.8 million from 2001 through 2005. Allocations varied from park to park and year to year because these allocations support non-recurring projects for which park units are required to compete and obtain approval from Park Service headquarters or regional offices. For example, at Grand Canyon National Park, allocations for projects between 2001 and 2005 totaled $6.7 million. However, during that time, the amount fluctuated from $824,000 in 2001 to $1.9 million in 2004 and $914,000 in 2005. Appendix I shows project-related allocations and their fluctuations from fiscal years 2001 through 2005 for the 12 parks we visited.

All twelve park units experienced an annual average increase, in nominal terms, in allocations for daily operations; however, when adjusted for inflation, 8 of the 12 parks we visited experienced a decline ranging from less than 1 percent to approximately 3 percent. For example, Yosemite National Park's daily operations allocations increased from $22,583,000 in 2001 to $22,714,000 in 2005, less than an average of 1 percent per year. However, when adjusted for inflation, the park's allocation for daily operations fell by about 3 percent per year. Daily operations allocations at the remaining four parks increased after adjusting for inflation, ranging from less than 1 percent to about 7 percent. For example, Acadia National Park's daily operations allocations increased from $4,279,000 in fiscal year 2001 to $6,498,000 in fiscal year 2005, an average annual increase of about 11 percent in nominal terms and about 7 percent when adjusted for inflation. Park officials explained that although the daily operations allocation substantially increased over this period, most of the increase was for new or additional operations. To illustrate, in 2002, Acadia acquired the former Schoodic Naval Base. The increases in allocations for daily operations were to accommodate this added responsibility rather than for maintaining operations that were in existence prior to the acquisition.

Park unit officials reported that required salary increases exceeded the allocation for daily operations, and rising utility costs have reduced their flexibility in managing daily operations allocations. Park Service headquarters officials reported that from 2001 through 2005, the Park Service paid personnel cost increases enacted by the Congress. For example, from fiscal years 2001 through 2005, Congress enacted salary increases of about 4 percent per year for federal employees.[8] Park Service officials reported that the Park Service covered these salary increases with appropriations provided in the ONPS account. The Park Service allocated amounts to cover about half of the required increases, and park units had to reduce spending to compensate for the difference. As a consequence of the increases, park units had to eliminate or defer spending in order to accommodate the increases. Officials at several park units told us that since 2001, they have refrained from filling vacant positions or have filled them with lower-graded or seasonal employees. For example, in an effort to continue to perform activities that directly impact visitors—such as cleaning restrooms and answering visitor questions—officials at Sequoia and Kings Canyon National Parks stated that they left several high-graded positions unfilled in order to hire a lower graded workforce to perform these basic operational duties. Officials at most park units also told us that when positions were left vacant, the responsibilities of the remaining staff generally increased in order to fulfill park obligations.

In addition to increasing personnel costs, officials at many of the parks we visited explained that rising utility costs caused parks to reduce spending in other areas. For example, at Grand Teton National Park, park officials told us that to operate the same number of facilities and assets, costs for fuel, electricity, and solid waste removal increased from $435,010 in 2003 to $633,201 in 2005—an increase of 46 percent, when adjusted for

[8]As reported on pages 8 and 9, appropriations for the ONPS account increased from about $1.4 billion in fiscal year 2001 to almost $1.7 billion in fiscal year 2005, an average annual increase of about 4.9 percent.

inflation. Officials told us that, as a result, their utility budget for fiscal year 2005 was spent by June 2005—three months early. In August, the park accepted the transfer requests of two division chiefs and used the salaries from these vacancies to pay for utility costs for the remaining portion of the year. Officials at some parks attributed increased utility costs to new construction that was generally not accompanied with a corresponding increase to their allocation for daily operations.

Officials at most of the parks we visited also told us that their park units generally did not receive additional allocations for administering new Park Service policies directed at reducing its maintenance backlog, implementing a new asset management strategy, or maintaining specified levels of law enforcement personnel (referred to as its "no-net-loss policy"), which has reduced their flexibility in addressing other park priorities. While officials stated that these policies were important, implementing them without additional allocations reduced their management flexibility. For example, since 2001, the Park Service has placed a high priority on reducing its currently estimated $5 billion maintenance backlog. In response, the Park Service, among other things, set a goal to spend the majority of its visitor fees on deferred maintenance projects—$75 million in 2002 increasing to $95 million in 2005.[9] Officials at several park units report that they have used daily operations allocations to absorb the cost of salaries for permanent staff needed to oversee the increasing number of visitor fee-funded projects. Park officials reported that the additional administrative and supervisory tasks associated with these projects add to the workload of an already-reduced permanent staff. Furthermore, while the Park Service may use visitor fees to pay salaries for permanent staff that manage and administer projects funded with visitor fees, it has a policy prohibiting such use. Instead, these salaries are paid using allocations for daily operations which reduce the amount of the allocation available for visitor services and other activities and limit the park units' ability to maintain these services and activities.

To address differences between allocations for daily operations and expenses, officials at the park units we visited reported that they reduced or eliminated some services paid with daily operations allocations—including some that directly affected visitors and park resources. Park

[9] In both 2001 and 2005, visitor fee spending goals for deferred maintenance were not met. In fiscal year 2001, the amount of visitor fees obligated for deferred maintenance was $61 million. In fiscal year 2005, the amount was $73.1 million.

officials at some of the parks we visited told us that before reducing services that directly affect the visitor, they first reduced spending for training, equipment, travel, and supplies paid from daily operations allocations.[10] However, most parks reported that they did reduce services that directly affect the visitor, including reducing visitor center hours, educational programs, basic custodial duties, and law enforcement operations, such as back-country patrolling. Furthermore, when funds allocated for daily operations were not sufficient to pay for activities that were previously paid with this source, the park units we visited reported that they deferred activities or relied on other authorized funding sources such as allocations for projects, visitor fees, donations from cooperating associations and friends groups, and concessions fees. From 2001 to 2005, some parks delayed performing certain preventative maintenance activities formerly paid with allocations for daily operations until other authorized funding sources, such as project funds (including funds for cyclic maintenance, repair and rehabilitation, and visitor fees) could be found and approved.

Rather than eliminating or not performing daily operational activities, some parks used volunteers and funding from authorized sources such as donations from non-profit partners and concessionaires' fees to accomplish activities that were formerly paid with daily operations funds. Officials at several park units said that they increasingly depend on donations from cooperating associations to pay for training and equipment and rely on their staff and volunteers to provide information and educational programs to visitors that were traditionally offered by park rangers. Funds from these sources can be significant, but they are subject to change from year to year. Officials at several park units expressed concern about using funding from other authorized sources to address needs—not only because the funds can vary from year to year, but also because these partners' stipulations on how their donations can be used may differ from the parks' priorities. As a result, relying on these sources

[10]While these reductions do not directly affect a visitor's experience, they also may hinder the park's ability to carry out operational duties. For example, officials at several park units explained that equipment, such as maintenance trucks, were old and in need of replacement. For several of the park units, certain divisions' personnel costs account for such a large percentage of their allocation for daily operations that reductions in other areas are not an option. At Grand Canyon National Park, for instance, the interpretive division had approximately $75,000 available in their allocation for daily operations in 2001 to pay for non-personnel costs such as travel and supplies. By 2005, approximately 99 percent of the division's allocation for daily operations was spent on personnel, relying on other authorized funding sources to make up the difference.

for programs that require a long term funding commitment could be problematic.

The Park Service Has Undertaken Three Management Initiatives to Address Fiscal Performance and Accountability of Park Units

We identified three management initiatives that the Park Service has undertaken to address the fiscal performance and accountability of park units and to better manage within their available resources: the Business Plan Initiative (BPI), the Core Operations Analysis (COA), and the Park Scorecard. Each initiative operates separately and is at various stages of development and implementation. Table 2 in appendix II summarizes each of the three initiatives and their stages of implementation.

Through the BPI process, park unit staff—with the help of business interns from the Student Conservation Association—identify all sources and uses of park funds to determine funding levels needed to operate and manage park units.[11] Using this information, park unit managers develop a 5-year business plan to address any gaps between available funds and park unit operational and maintenance needs. The process used in the BPI involves 6 steps, completed over an 11-week period. Park staff and the business interns (1) identify the park unit's mission; (2) conduct an inventory of park assets; (3) analyze park funding trends; (4) identify sources and uses of park funding; (5) analyze park operations and maintenance needs; and (6) develop a strategic business plan to address gaps between funds and park needs. All 12 of the park units we visited have completed a business plan.[12] Many officials—both at the unit level and headquarters—stated that business plans are, among other things, useful in helping them identify future budget needs. Once completed, park managers often issue a press release to announce its completion. Park managers may also send copies to their legislators, local community councils, and park partners (such as cooperating associations) to communicate the results. A Park Service official stated, however, that the Park Service is still refining these business plans to serve as a better tool for justifying funding needs.

[11] The Student Conservation Association provides high school and college students (among others) with conservation service internships and volunteer opportunities in the National Parks, National Forests, and other public lands.

[12] Park Service officials said that 2 out of the 12 parks we visited (Grand Canyon and Yosemite National Parks) completed a BPI through contracting external consultants on their own.

The COA was developed in 2004 to help park managers evaluate their park unit's core mission, identify essential park unit activities and associated funding levels, and make fully informed decisions on staffing and funding. The COA is part of a broader Park Service-wide effort to integrate management tools to improve park efficiency. Park Service headquarters, regional officials, and park unit staffs work together in a step-by-step process to conduct the analysis. These steps include preparing a 5-year budget cost projection (BCP) to establish baseline financial information and help project future park needs, defining core elements of the park unit's mission, identifying park priorities, reviewing and analyzing activities and associated staff resources, and identifying efficiencies. Budget staff for each park unit first complete a 5-year BCP that uses the current year's funding level for daily operations as a baseline, and estimates future levels, increases in non-personnel costs, and fixed costs such as salaries and benefits. The general target of the analysis is to adjust personal services and fixed costs at or below 80 percent of the unit's funding levels for daily operations. Three of the twelve park units we visited have completed (or are in the process of completing) a COA, and three will begin the COA in fiscal year 2006. The remaining six park units we visited have yet to be selected. Park unit officials told us that the preliminary results have helped them determine where efficiencies in operations might accrue. A Park Service regional official told us that the core operations process is still in its early development, noting that preliminary results are useful but too early to determine results to be realized by the park units.

Park Service headquarters developed the Park Scorecard beginning in fiscal year 2004 to serve as an indicator of each park unit's fiscal and operational condition, and managerial performance. The scorecard is intended to provide an overarching summary of each park unit's condition by offering a way to analyze individual park unit needs. It also provides Park Service officials with information needed to understand how park units compare to one another based on broad financial, -organizational, -recreational, -and resource-management criteria. Although the Park Scorecard is still under development, the Park Service's headquarters budget office used it to validate and approve requests for increases in daily operations allocations for the highest priorities among park units to be funded out of a total of $12.5 million that was provided in 2005 for daily operations directed at visitor service programs. The Park Service approved requests for funding at 3 out of the 12 parks we visited (Badlands National Park, Grand Teton National Park, and Yellowstone National Park). Park Service headquarters officials, with the assistance and input of park unit managers, plan on refining the Park Scorecard to more accurately capture all appropriate park measurements and to identify, evaluate, and support future budget increases for park units. The Park Service also intends for park managers to use the Park Scorecard to facilitate discussions about their needs and priorities.

In closing, we have found that overall, from 2001 through 2004, the Park Service increased allocations for support programs and project funding while placing less of an emphasis on funds for daily operations. In fiscal year 2005, this trend shifted, and as evidenced by our visits to 12 park units, appears to be going in the direction needed to help the units overcome some of the difficulties they have recently experienced in meeting operational needs. In responding to these trends, park unit officials found ways to reduce spending on their allocations for daily operations and to identify and use authorized sources other than these allocations to minimize some impacts on park operations and visitor services. While park units are relying more on other sources to perform operations, using such funds has its drawbacks because it usually takes parks longer, with more effort from park employees to obtain and use these sources. Visitor fees have been an important and significant source of funds for park units to address high priority needs such as reducing its maintenance backlog. However, Park Service policy prohibiting the use of visitor fees to pay salaries of permanent employees managing projects may reduce the flexibility in managing the use of funding for daily operations. While the Park Service is embarking upon three management initiatives that they believe will improve park performance and accountability, and better manage within available resources, it is too early to assess the effectiveness of these initiatives.

GAO Recommendation and Agency Response

To reduce some of the pressure on funding for daily operations, we recommended that the Secretary of the Interior direct the Director of the Park Service to revise its policy to allow park units to use visitor fee revenue to pay the cost of permanent employees administering projects funded by visitor fees to the extent authorized by law. In commenting on a draft of our report, the department generally agreed with the recommendation, but stated that it should clearly state that visitor fee revenue (and not other sources) be used to fund only a limited number of permanent employees and be specifically defined for the sole purpose of executing projects funded from fee revenue. We believe our recommendation, as written, gives the agency the flexibility sought. The department also said that our report creates a misleading impression concerning the state of park operations in that (1) record high levels of funds are being invested to staff and improve parks, and (2) the report does not examine the results achieved with these inputs. The department also believes that while employment levels at individual park units may have fluctuated for many reasons, employment servicewide, including both seasonal and permanent employees, was stable. We believe however, that our report provides a detailed analysis of the major funding trends affecting Park Service operations, including those at the 12 high-visitation park units we visited, as well as the department's initiatives and efforts to achieve results.

This concludes our statement for the record.

GAO Contact and Staff Acknowledgments

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Appendix I: Project Allocations for 12 Selected Park Units, Fiscal Years 2001 through 2005

Table 1: Project Allocations for 12 Selected Park Units, Fiscal Years 2001 through 2005 (dollars in thousands)

		Fiscal years					
Park unit		**2001**	**2002**	**2003**	**2004**	**2005**	**Total**
Acadia NP	Nominal	$385	$772	$699	$1,237	$481	$3,574
	Inflation-adjusted	385	747	659	1,119	417	3,327
Badlands NP	Nominal	217	130	689	647	1,394	3,077
	Inflation-adjusted	217	126	649	585	1,210	2,787
Bryce Canyon NP	Nominal	531	365	357	433	402	2,088
	Inflation-adjusted	531	353	336	391	349	1,943
Gettysburg NMP	Nominal	7,551	638	753	1,296	1,324	11,562
	Inflation-adjusted	7,551	618	709	1,172	1,150	11,200
Grand Canyon NP	Nominal	824	1,550	1,173	2,125	1,053	6,725
	Inflation-adjusted	824	1,500	1,106	1,922	914	6,266
Grand Teton NP	Nominal	861	423	1,327	1,233	2,070	5,914
	Inflation-adjusted	861	409	1,250	1,115	1,797	5,432
Mount Rushmore NMem	Nominal	271	118	113	146	696	1,344
	Inflation-adjusted	271	114	107	132	604	1,228
Shenandoah NP	Nominal	1,409	781	647	862	2,393	6,092
	Inflation-adjusted	1,409	756	610	779	2,078	5,632
Sequoia and Kings Canyon NP	Nominal	2,038	2,859	3,364	2,927	2,760	13,948
	Inflation-adjusted	2,038	2,768	3,171	2,647	2,396	13,020
Yellowstone NP	Nominal	43	4	9	12	3,128	3,196
	Inflation-adjusted	43	4	8	11	2,716	2,782
Yosemite NP	Nominal	3,620	2,718	4,034	3,532	3,778	17,682
	Inflation-adjusted	3,620	2,631	3,802	3,194	3,280	16,527

		Fiscal years					
Park unit		2001	2002	2003	2004	2005	Total
Zion NP	Nominal	0	103	310	195	1,000	1,608
	Inflation-adjusted	0	100	292	176	868	1,436

Legend
NP=National Park
NMP=National Military Park
NMem=National Memorial
Source: GAO analysis of Park Service data.

Appendix II: Park Service Management Initiatives to Address Park Units' Fiscal Performance and Accountability

Table 2: Park Service Management Initiatives to Address Park Units' Fiscal Performance and Accountability

Management initiative	Description	Development and implementation
Business Plan Initiative (BPI)	Park managers, with the help of business interns, identify all sources and uses of park funding and operational requirements to determine levels needed to operate and manage their park. From this, a plan is developed to address any gaps between available funds and park unit needs.	Park Service headquarters and regional offices seek voluntary participation in the BPI process First BPI was prepared in 1997 by Yellowstone National Park About 12 parks units participate in a BPI every year As of January 2006, 25 percent of all park units have participated
Core Operations Analysis (COA)	A step-by-step process where park unit, regional, and headquarters officials evaluate the park unit's core mission and identify essential park unit activities and associated funding needs.	Developed in 2004 The Park Service intends to have all park units complete a COA by 2011 To achieve this goal, the Park Service will select 50 park units per year to participate
Park Scorecard	Headquarters officials use a series of indicators to compare each park unit's fiscal and operational condition, and managerial performance.	Park Scorecard is in the development stage Used to justify park units' budget increases for daily operations in 2005 To be used to support and evaluate park operations in the future

Source: GAO analysis of Park Service data.

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