STATE-BASED ENVIRONMENTALISM

GREEN PLACES AND OPEN SPACES

A Guide for Policy Makers

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To the Reader

Public lands are used for countless purposes. They provide recreation to hikers, skiers, and naturalists; they provide habitat for abundant species of wildlife; and through timber and other resources they provide money and jobs for local and state economies. Not surprisingly this variety of uses has resulted in conflict over just how these lands should be used and preserved for future generations. Moving away from the traditional command-and-control management of public land may provide a solution. As Matthew Brown and Holly Lippke Fretwell advise in this booklet, a fresh approach that relies on local control and accountability can provide the incentives necessary to meet the numerous demands made on public lands, including long-term environmental protection.

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BY MATTHEW BROWN
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A state's public lands are one of the most visible symbols of its commitment to environmental protection. Encompassing some of America's most breathtaking lands, the country's 12 million acres of state parks and 30 million acres of state forests contain lakes, mountains, rivers, and meadows that provide important habitat for a breathtaking array of wildlife.

Understandably, this natural bounty is popular with the public. Hikers, campers, bird watchers, and other recreationists account for the nearly 750 million visits each year to the nation's state parks alone. Partly due to this popularity, state lands are increasingly subject to debate about how they should be used and managed. These conflicts have been highlighted recently as many states have been forced to tighten their budget allocations for state land agencies.

While regulatory solutions are the norm for public lands management issues, other more productive approaches are available that can protect a state's rich natural heritage while not neglecting the economic and commercial needs of its citizens. Approaches to state parks and forests that encourage self-sufficiency, fiscal responsibility, and environmental protection can be achieved if states get the incentives right for their public land stewards. This booklet will outline several ways to do that.

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ENCOURAGE SELF-SUFFICIENCY IN STATE PARKS.

- ✔ ALLOW PARKS TO CHARGE REASONABLE FEES
- ✔ KEEP COLLECTED FEES IN THE PARKS

Stagnant or shrinking budgets, red tape, staffing shortages, and neglect have combined with the public's growing demand for recreation to create a dangerous threat to the health of many state park systems. To address what is a crisis in many states, visitors should be seen as an asset for parks, rather than the liability that they represent today.

This could be achieved through self-sufficiency. Self-sufficiency for parks means that individual park units would be responsible for meeting their operating budgetary needs through revenue collected from visitors to the parks as well as through other financially beneficial activities.

Two key components of self-sufficiency are: 1) allowing parks to determine their own user fees and 2) once those fees are collected, leaving them within the park as an independent account separate from state fiscal disbursements. No one understands better the needs of a particular park than the managers and naturalists who work there on a daily basis. They can use that expertise to improve the parks and they will do so if their funds depend on revenues from their visitors.

Today, state spending on parks averages less than one half of one percent of a state's overall budget. With such budgets, parks cannot meet their obligations to be responsible stewards of the environment and providers of recreational services for many visitors. But a few parks have found that when freed from the constraints of state fiscal policy

and red tape they have been able to improve both the condition of their parks and the experience of their visitors.

At least sixteen state park systems now obtain half or more of their annual operating budget from user fees collected from visitors. After a 1991 law required the park system to become a self-supporting entity, New Hampshire went the distance and now derives all of its $5 million operating budget from user fees.

New Hampshire's parks, which attract over a million visitors per year to their 75,000 acres, quickly set about making changes that would aid the bottom line but not drive away visitors or harm the environment. To begin, the parks started charging different prices to reflect the differing quality of the parks and differing demands for certain amenities. For example, the most popular campsites with the best characteristics have slightly higher fees (prices range from $12 to $35). And entrance fees to the park were changed from a per vehicle basis to a per person basis, with seniors and children entering for free.

In addition to allowing the parks to raise fees, the legislation also took the key step of letting the parks keep excess funds that were not used. Typical park systems often require funds not used to be returned to the state budget. The "use-it-or-lose-it" attitude that results from this type of system encourages wasteful spending. In New Hampshire, however, the incentives are different, and park managers have an impetus to spend their money wisely knowing that it will not be taken away by hungry political interests.

The system also took other creative approaches to meet its budgetary needs. It entered into a partnership with PepsiCo—and later Coca-Cola, Inc.—to fund educational and awareness programs for the parks. The innovations in the New Hampshire park system have been so successful that the system covers its budget for operations and even manages to meet some of the parks' capital improvement needs as well. Other parks and park systems also show the

benefits of entrepreneurial management. The most striking example of the importance of self-sufficiency can be seen by comparing adjacent state and federal parks.

In the southwestern corner of South Dakota, Wind Cave National Park and Custer State Park share a common border. Many of the features and services provided by the parks are similar, but their administrations are not. Custer State Park, unlike other parks in the South Dakota system, has been allotted a distinct fund for its own receipts and expenditures. In contrast, Wind Cave National Park relies on revenue from the National Park Service allocated by Congress.

At the state park, activities abound and a full range of accommodations and services are available. The state park charges entry and user fees to help cover the costs of visitor use. It also generates substantial revenues through its animal management program. In order to keep its animals healthy during food-scarce winter months, Custer State Park reduces the size of its herd through a fall roundup and buffalo auction. The animals have sold for as much as $8,000 a head, with $2,200 a typical price per animal.

Across the border, Wind Cave charges no fee for entry. Few services are available. Like the state park, excess bison are managed through roundup and sale, but the bison are sold for $275 per head, just enough to cover the costs. The result of self-sufficiency is that Custer State Park earns more money per acre than its federal counterpart, has lower expenses per acre, and manages to provide more services for its guests.

Despite the promising examples of self-sufficiency and the entrepreneurial spirit, many state park systems still rely heavily on traditional taxpayer-funded budgets. To better protect their parks in the future, states should:

- Allow park managers discretion to decide which services are offered in their parks.

- Promote efficiency by allowing cost savings to remain in the parks.
- Allow managers to institute fee programs independently at each park.
- Gradually reduce appropriations from general revenue sources to the parks down to zero, allowing parks to become totally self-sufficient.

This approach has proven successful. Where it has been tried, self-sufficiency has led to lower operating costs, better service, and happier park visitors. The environment has been protected as well.

☞ For more information, see: Leal and Fretwell (1997); Fretwell (1999).

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USE THE TRUST APPROACH TO PROTECT SENSITIVE AREAS.

- ✔ CREATE A CLEAR, SPECIFIC MISSION FOR THE TRUST TO PURSUE
- ✔ ALLOW THE TRUST'S BOARD THE FLEXIBILITY TO PURSUE ITS CONSERVATION AGENDA

State lands, particularly in the West, contain a vast array of scenic and natural features. This abundance is matched only by the number of competing interests that have ideas about how that land should be used and by whom.

This competition over control of public lands is a familiar theme in the West. Ranchers, farmers, environmentalist, and developers often believe their use is the best use. The result is a political contest to see who can win legisla-

tive or regulatory support of their proposals. This type of political management of public lands is unfortunate, not only in the rancor it creates, but also in its tendency towards winner-take-all solutions. Compromise is often viewed as failure.

One approach to public land management that avoids this contentiousness and integrates the interests of environmental protection with other commercial uses is known as a land trust or endowment board.

A land trust is composed of a board of trustees who are charged with managing the assets under their control. On public lands, a trust would operate similarly to any private trust, whose board of trustees has a legal obligation to manage the assets under its control within certain constraints imposed by law and the mission of the trust. Trusts are used in a wide array of instances in the private sector. Similar to the way that individuals arrange to have assets managed for their descendants, a land trust can be used to manage natural resources for future generations.

To establish trusts to manage public lands, states should follow a simple procedure:

- Identify important natural locations that need to be preserved, such as state park lands or forests.
- Create a board of trustees representing interested groups.
- Create a clear, specific mission for the board.
- Allow the board the legal flexibility to achieve its mission as it sees fit.

A land trust created to manage a particular area would be run by a board of trustees appointed by the governor for staggered terms. To ensure diversity, board members would be chosen from different interests such as environmentalists, ranchers, recreationists, other commercial interests, and state and local officials.

Once the mission of the trust was defined, the board could establish a criteria for judging how best to manage the assets under their control. To ensure self-sufficiency and independence from political interference, the trust's board should be charged with managing the trust's operations with revenue from the land under its control. These revenue sources could include recreation fees, logging, mineral extraction, or private donations. The particulars would be determined by the board, based on the unique assets under its control and its mission.

Western state school trust lands are already managed under a similar arrangement. The school trust lands have a clear mandate to manage and protect the lands for the maximum, long-term benefit of the public schools. The requirement to generate revenues forces them to be more cost-accountable than public land agencies that are dependent upon legislative appropriation. And because they must generate revenues forever, they must also be judicious stewards of the land. Given the right incentives, land trusts can accomplish both conservation and productivity goals.

In some states, public officials are going beyond mere commodity leases for state lands and allowing nontraditional uses on leased lands. In New Mexico, for example, environmental groups have outbid ranchers for leases; their goal is to restore damaged riparian areas.

Many land uses are not mutually exclusive. Holders of historical grazing leases coming up for renewal in Montana are soliciting bids for a variety of uses. In the past, a typical grazing lease might have generated less than $300,000 over a twenty-year period. That lease could bring in revenues of more than $1.5 million over the same period by including in the bid grazing as well as outfitting opportunities, while at the same time restricting harvests. Other leases have provided for recreation and wildlife habitat. In addition to successful trusts on public lands, many private examples demonstrate that conser-

vation and commercial uses can go hand in hand.

For decades, the highly respected National Audubon Society used 37 wells to pump natural gas and some oil from its Paul J. Rainey Sanctuary in Louisiana. This refuge on the edge of Vermillion Bay serves as a resting place for more than 100,000 migrating snow geese as well as a home for wildlife such as deer, ducks, and fish. While drilling for natural gas or oil on a wildlife sanctuary seems like a contradiction, Audubon's actions have shown that the society can turn a profit while protecting the environment.

Even though Audubon earned more than $25 million in revenue from its drilling operations on the preserve during the last five decades, the environment is still in pristine condition. This ideal mix of preservation and development was achieved because Audubon focused on its overriding mission of protecting habitat for birds. When its leaders realized that they could further Audubon's mission with revenues from drilling, they didn't do so with reckless abandon, but rather by carefully considering how drilling operations would affect the preserve's environment. They took steps to prevent any ill effects. As one Audubon official described it, "as long as we know what precautions we want them [oil companies] to take, we have had no trouble getting them to comply."

Even the federal government has noted the efficiency of trusts and allowed pilot sites to experiment. In 1996, Congress placed the Presidio, a former U.S. Army base overlooking San Francisco's Golden Gate Bridge, under trust management after its transfer from the army to the National Park Service. More recent was the establishment of a trust to manage New Mexico's famous Baca Ranch, which the federal government recently purchased. Care of the 95,000-acre property will be entrusted to a board appointed by former President Clinton, with some members serving shorter terms to allow the current president to select some members. The seven-member board includes

members from government agencies, private environmental groups, and business interests. Freed from many of the bureaucratic hassles that impede management of the federal estate, the Baca trustees will be able to ensure the long-term health and public enjoyment of the ranch.

Creating land trusts provides one of the most promising ways to care for our public lands and natural treasures while avoiding much of the political acrimony that goes along with traditional government management. As one scientist employed by Audubon observed about the society's management of the Rainey preserve, this "is the ideal way to manage lands in this country."

☞ For more information, see Anderson and Fretwell (1999); Baden and Stroup (1981); Snyder and Shaw (1995).

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ENSURE THAT PUBLIC FORESTS AND OTHER NATURAL RESOURCES GENERATE REVENUES.

- ✔ IMPROVE THE INCENTIVES OF LAND MANAGERS THROUGH FISCAL ACCOUNTABILITY
- ✔ ENCOURAGE INNOVATIVE MANAGEMENT TECHNIQUES THAT PROTECT WILDLIFE AND ENVIRONMENTAL QUALITY

Increasing conflict has greeted attempts to harvest timber from public lands in recent years. This debate has often centered on the fact that logging operations on public lands can be harmful to the environment and may provide a subsidy to the logging industry at the expense of taxpayers.

Yet stark differences characterize logging and management activities on public forests. National forests dif-

fer from state forests and state forests differ from one another. By learning from those institutional regimes that have been most successful, states can adopt approaches to their own forest management that will ensure environmental protection and allow important economic activities such as logging to continue.

A comparison between the state forest system and the national forest system within the same state illustrates the point. While both systems contain similar, often adjacent forests, the state forests of Montana are routinely operated more efficiently than the national forests in the state, and environmental quality is at least as good.

One reason for the difference in outcomes is that the state forests of Montana are required by law to generate income from timber to fund Montana's public schools. In one recent four-year period, timber sales from state forests generated revenues in excess of $13 million while operations on national forests in the state lost over $40 million in the same period. This means that the state forests averaged $2.16 in revenue for every dollar spent, while the national forests lost up to $0.73 per dollar spent. This financial benefit to Montana citizens occurred with no additional environmental impact.

The evidence from Montana is no fluke. Combined results from Montana, Washington, Idaho, and Oregon show numbers that are even more dramatic. In these states the national forest average yield in 1996 was $0.93 in timber revenues for each dollar spent on the timber sales program. In contrast, state-managed forests in these states yielded $7.42 in revenue for each dollar in costs—an eightfold performance margin for the state-managed lands.

Though all state school trust lands have a similar mandate to generate revenues for the benefit of public schools, the incentives of some are better than others. Oregon provides a prime example. The Oregon Department of Forestry manages forest lands for both the school trust and

the counties with a mandate to maximize revenues. In the case of the trust, all timber revenues above costs are dedicated to the trust. The department of forestry has an incentive to control costs in order to return the most money to the trust as required under its mandate. The average cost to manage school trust lands is less than 30 percent of receipts. As for the counties, 36.25 percent of timber receipts are used to cover costs, with the remainder going to the counties. The department has no incentive to cut costs, as a designated portion of revenues is set aside for expenses.

To maximize both revenue and environmental quality, states should reduce reliance on legislative appropriations. More autonomy encourages cost control and allows managers to respond to the resources rather than to politics.

☞ For more information, see Leal (1995).

CONCLUSION

America's vast public lands are a unique and beloved natural asset. However, their very popularity has led to growing conflict about how they should be managed, and who if anyone should be allowed to use them. Typical regulatory approaches to these problems have failed to address both the public's desire for more land access and environmental concerns about plant and animal conservation.

Beyond the traditional command-and-control approach to public lands, there are alternatives. By granting public land managers greater freedom to make decisions at the local level and forcing them to be accountable for the results of those decisions, states can make great strides toward increased environmental protection and public access at the same time. By encouraging parks and other lands to

become self-sufficient, states can move beyond the traditional political wrangling and budget battles that characterize many environmental debates and instead ensure that current and future generations can enjoy the bounty of the great outdoors.

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