PERC
POLICY
SERIES

PAYING TO PLAY:
THE FEE DEMONSTRATION PROGRAM

By Holly Lippke Fretwell

ISSUE NUMBER PS-17
DECEMBER 1999

PERC

Jane S. Shaw
series editor

P E R C
502 South 19th Avenue, Suite 211
Bozeman MT 59718-6827
Phone: (406) 587-9591 • Fax: (406) 586-7555
perc@perc.org • www.perc.org

ISSN 1094-6551

The PERC Policy Series

A Select List

PS-4 **Turning a Profit on Public Forests**
Donald R. Leal

PS-5 **Superfund: The Shortcut that Failed**
Richard L. Stroup

PS-6 **Conservation—Native American Style**
Terry L. Anderson

PS-9 **Priming the Invisible Pump**
Terry L. Anderson and Pamela S. Snyder

PS-10 **Back to the Future to Save Our Parks**
Donald R. Leal and Holly Lippke Fretwell

PS-11 **The Mining Law of 1872: Digging a Little Deeper**
David Gerard

PS-12 **Who Will Save the Wild Tiger?**
Michael 't Sas-Rolfes

PS-13 **The Common Law: How It Protects the Environment**
Roger E. Meiners and Bruce Yandle

PS-14 **Bootleggers, Baptists, and Global Warming**
Bruce Yandle

PS-15 **Environmental Progress: What Every Executive Should Know**
Lynn Scarlett and Jane S. Shaw

PS-16 **A Trust for Grand Staircase-Escalante**
Terry L. Anderson and Holly Lippke Fretwell

PS-17 **Paying to Play: The Fee Demonstration Program**
Holly Lippke Fretwell

CONTENTS

To the Reader

Introduction
page 1

The Federal Role in Recreation
page 2

Problems of the Current System
page 3

The Cause: Current Financing
page 8

The Fee Demonstration Program
page 10

Results of the Program
page 12

Pricing Changes
page 13

State Park Systems—A Step Ahead
page 15

Recommendations
page 19

Notes
page 21

References
page 22

To the Reader

In 1996, Congress decided to allow federal land managers to charge higher fees for recreation on an experimental basis. This Fee Demonstration Program, which ends in 2001, is an experiment that should be continued and expanded.

As this paper, “Paying to Play: The Fee Demonstration Program,” explains, this program changes the incentives of public land managers and provides funds to protect our natural resources and improve services to visitors. The author, Holly Lippke Fretwell, is a research associate with the Political Economy Research Center. She has written extensively about national parks, national forests, and other public lands.

“Paying to Play: The Fee Demonstration Program” is part of the *PERC Policy Series*, edited by Jane Shaw. Dianna Rienhart is production manager for the series. Funding for this publication comes from the Jaquelin Hume Foundation and the John M. Olin Foundation. Additional copies of this paper are available from PERC. The paper is available in its entirety on PERC’s Web site, http//:www.perc.org.

"I know
all employees
deep down wish that
all parks were free . . .
and everyone could come
and go as they please.
But that's not reality."
—*Tim Stone*
Fee Program Manager
National Park Service

Introduction

A change is taking place across the American landscape. Hikers, climbers, and picnickers are finding a way to promote better care of our resources: They are paying to play.

Until recently, Americans paid almost nothing for recreational access to federal lands. Yet such "free" recreation has meant poor recreation: eroding roads, leaking sewer systems, and cutbacks of visitor services. It costs money to maintain and protect our lands for recreational use. Americans are beginning to realize that if resources are not managed, the opportunities for outdoor recreation and the quality of outdoor experiences decline severely.

Congress has begun to explore alternative methods of funding. Under the experimental Fee Demonstration Program, Congress allows agencies to charge higher fees and to keep most of these fees where they are collected—rather than sending them to the national treasury. Four agencies—the National Park Service, the Bureau of Land Management, the Fish and Wildlife Service, and the Forest Service—are trying new entrance and user fees on some of their units, and each park or area is allowed to keep at least 80 percent of the fee receipts.

This paper will argue that realistic recreation fees on public lands are necessary if our federal agencies are to provide the quality of recreation that Americans expect from their national treasures. In addition to explaining the problems with the current funding system and the benefits that fees provide, the paper will assess the new Fee Demonstration Program and identify ways to improve it.

THE FEDERAL ROLE IN RECREATION

A great deal of federally owned land is used for recreation. Although the National Park Service, which controls 83 million acres, is the organization most people identify with federally provided outdoor recreation, the Forest Service and the Bureau of Land Management have more acreage and receive more recreational visitors. These lands cover 455 million acres and accept about one billion visitors each year, according to governmental estimates, compared to 290 million visits in our national parks.

For all these agencies, financial support from recreation users has been minimal. Recreation fees covered only 7 percent of the National Park Service's operating budget in 1995 (Leal and Fretwell 1997, 3). In that year, only one Park Service unit, Arches National Park in Utah, generated receipts greater than its operating budget. Even under the Fee Demonstration Program, fees in 1997 represented only 10 percent of the Park Service's total operating budget.

As for the Forest Service and Bureau of Land Management, they lose an average $355 million each year on recreation management (Fretwell 1998, 12). In other words, they spend $355 million more on recreation each year than they receive in recreation fees.

Problems of the Current System

The current system, funded by taxpayers and allocated by Congress, has had a detrimental impact on public lands. It has led to poor maintenance, excessive spending, and neglect of natural resources, and it has strangled the private provision of recreation.

Poor Maintenance

The National Park Service reports a $6 billion backlog of unfunded maintenance projects (GAO 1998a, 1). News reports have identified deficiencies such as the following:

- Yellowstone's outmoded sewer system spews raw sewage into native trout streams, and the sewage treatment plant at Old Faithful pollutes the groundwater.

- Glacier National Park's popular Going-to-the-Sun Road is frequently closed due to safety concerns.

- Prehistoric dwellings in Mesa Verde National Park are disintegrating from a buildup of oils and airborne particles.

- More than one-quarter of the National Park Service's buildings are in poor or dilapidated condition.

While the news media have emphasized the Park Service, the Forest Service has serious maintenance problems, too.

- With a road system of 373,000 miles, eight times the interstate highway system, the Forest Service has a road maintenance backlog in excess of $8.5 billion, with funding adequate to maintain only 40 percent of the roads to planned standards (Forest Service 1999).

- According to Dick Paterson, deputy director of recreation for the Forest Service, the agency has a backlog of $1.7 billion in unfunded recreational maintenance (*Oregonian,* August 15, 1999).

Extravagant Spending

In spite of these backlogs, public land managers spend money unwisely and even extravagantly. The National Park Service provides some vivid examples.

- At Delaware Water Gap National Recreation Area, one famous outhouse cost $333,000. It has a gabled slate roof, cottage-style porches, and a tapered cobblestone masonry foundation in the fashion of Frank Lloyd Wright. But the doors are locked in the winter because this self-composting toilet won't work in Pennsylvania's freezing temperatures. And don't expect any running water; there is none (*Salt Lake Tribune,* October 8, 1997).

- In 1997 in Yosemite National Park the average cost of new employee housing was $580,000 per unit—two to four times the average rate for local housing (Cushman 1997, 1). The new deluxe housing accommodates fewer than 60 of the park's 5,000 employees; many still dwell in tent-cabins without running water.

Natural Resources on the Decline

The preservation of cultural and natural resources, the core mission of the Park Service, is often neglected.

- Biological diversity is declining in many parks, say a prominent group of wildlife biologists headed by Frederic Wagner, partly because ecological research is minimal (Wagner et al. 1995, 62).

- The actual state of many natural resources is largely unknown because many park resources are unaccounted for. "Most park managers lack sufficient data to determine the overall condition of their parks' natural and cultural resources," wrote the General Accounting Office in 1995 (GAO 1995, 1).

Other federal land managers are also plagued by deteriorating health of the natural resources they manage:

- An estimated 39 million acres of our federal lands in the intermountain West are at risk of large, uncontrollable, catastrophic wildfire (GAO 1999, 6). Nearly a decade of fire suppression in the region has changed the forest structure from once savannah-like pine forests to dense fir stands that are susceptible to bug infestation, disease, and conflagration (see Fretwell 1999).

- Two-thirds of public grazing lands remain in less than good condition, according to a 1988 GAO report. And stream and riparian areas continue to be overgrazed (Hess and Holechek 1995, 4).

Overwhelming Crowds

Park managers are having trouble handling the number of visitors.

- Yosemite National Park is restricting park entry on the busiest days. Since 1993, the park entrance has been closed several times each year due to gridlock in the valley.

- The Grand Canyon has become so congested that a public transportation system is planned. On an average summer day, 6,500 cars show up at the South Rim, but there are only 2,400 parking spaces (*Consumer Reports* 1997, 10).

All these factors have led the quality of the experience on our public lands to decline. In 1994 the National Parks Conservation Association (NPCA), a private organization that monitors park conditions, issued a "parks report card" that rated three out of four parks at "C" or below (*Park City Daily News*, May 18, 1994). A *Consumer Reports* (1997, 12) survey found overcrowding and lack of facility maintenance to be among the greatest concerns of park visitors. The Wilderness Society (1999) has developed a list of the country's most endangered wildlands. The report reveals that environmental threats are on the rise across all of our federal lands.

Detrimental Impact on Private Provision

The harm caused by the current financing system extends beyond federal lands. By charging below-cost fees, public managers discourage others from providing outdoor recreation.

Why aren't there more Kampgrounds of America, more youth hostels? Why isn't more hunting, hiking, and camping available on private lands? As we shall see, the answer is that federal recreation is available at such low prices that private landowners, who must pay the full cost of their businesses, have trouble competing. So, rather than lose money providing scenic landscapes where people can hike and sightsee, private recreation providers gravitate toward supplying more artificial kinds of recreation: theme parks, amusement centers, and the sometimes garish museums often located near national parks.

Kentucky Down Under. Private owners who do want to provide recreation on their premises must differentiate their offerings in whatever ways they can. For example, the privately owned Kentucky Caverns, once called Mammoth Onyx Cave, is part of the same karst (limestone formation) as Mammoth Cave National Park. It has been open for public tours since 1927.

Since 1946, when nearby Mammoth Cave was designated a national park, the cave managers have had a heavily subsidized competitor. The National Park Service dropped the fees for touring the cave from the once-competitive rate of about $3 per person early in the century to $1.50.[1] Because the Park Service charged such low fees for cave tours, the Kentucky Caverns owner had to offer distinctive and unusual features just to keep people coming. The owner could not continue to offer simple cave tours.

In the 1970s, the owner, Bill Austin, decided to create a North American wildlife exhibit. This would mean adding bison to the existing stock of elk and white-tailed deer. But in the 1980s, another nearby federal recreation site began offering below-cost competition. The Land Between the Lakes Recreation Area, operated by the federally owned Tennessee Valley Authority, introduced an elk herd that visitors could see without charge. Unable to compete with the free attraction, Austin shifted gears again. He replaced elk with kangaroos, emus, and Aboriginal artifacts from Australia. The facility is now known as Kentucky Down Under, an animal park with an Australian theme.[2]

International Paper. This company, one of the largest timber producers in the United States, also illustrates the obstacles posed by below-cost recreation of federal lands. Although the prime goal of International Paper is to grow trees, it manages its timber holdings quite differently depending on whether or not it is surrounded by federal recreation land.

In Arkansas, Louisiana, and Texas, where the company is surrounded by private land, International Paper (IP) fosters wildlife and outdoor recreation. Although the company allowed some access to hunters and campers for many years, in 1983 it began to aggressively market its land to hunting clubs, individual hunters, and family campers. By 1986, recreation revenues had reached $2 million, making up 25 percent of IP's total profits in the region. By 1999 recreation revenues from the region totaled $5 million (Fretwell 1999, 18).

As revenues from recreation developed, the company's managers deliberately made the land more attractive to wildlife. They now leave trees standing for wild-animal corridors, maintain age diversity in the forests to support more wildlife variety, and maintain buffers along watersheds and stream beds (Anderson and Leal 1997, 7). Nearly two-thirds of the company's 6 million acres across the nation are managed for recreation.

In the Pacific Northwest, however, where International Paper recently sold most of its holdings, none of its land was managed for recreation. Nearly 45 percent of all lands in the Pacific Northwest are owned by the federal government, and most of International Paper's holdings were surrounded by national forest. Because hunting and camping are mostly free on Forest Service lands, the company could not obtain revenues from hunters and campers that would cover its costs. As a result, regional managers paid little or no attention to recreational values and lacked incentives to improve and protect wildlife habitat. "Free" recreation on federal land discourages others from providing it.

THE CAUSE: CURRENT FINANCING

The cause of the deterioration of our recreational lands is not lack of congressional funds. Rather, it is the distorted incentives stemming from the current system of financing.

Appropriations for federal land agencies have been going up fairly steadily. Over the past twenty years (1978 to 1997), the National Park Service's operating budget increased from nearly $800 million to about $1.2 billion, an average annual increase of 2.3 percent above inflation (OMB 1999). Between 1980 and 1995, full-time staff increased from 15,836 to 17,216 employees, an 8.7 percent increase (Leal and Fretwell 1997, 2). Yet visitation grew only 1.2 percent per year from 1978 to 1997. Forest Service and Bureau of Land Management budgets have also grown beyond inflation by about 1.2 percent and 1.5 percent, respectively (OMB 1999).

To procure their budgets, land managers must respond to political power, as illustrated recently in Glacier National Park.

The park's managers want funds for road and sewer repair, yet Montana's congressional delegation earmarked $6 million to rebuild a backcountry chalet system used by fewer than 1 percent of park visitors. A single, self-composting privy has already cost $1 million (Pound 1997).

According to retired National Park Service Director Roger Kennedy, more money is spent on "congressionally identified" initiatives than on projects recommended by Park Service personnel (Greve 1997, A23). Politicians find it more appealing to cut the ribbon of a newly constructed facility than repair an existing sewer system.

From 1978 to 1997, spending for major Park Service repairs and renovations fell at an inflation-adjusted rate of 3.6 percent per year (OMB 1999). Evidence indicates that federal agencies, like nearly all governmental institutions, tend to let maintenance suffer (Stroup and Goodman 1992). Maintenance is almost always neglected until deterioration is so severe that it becomes an "infrastructure crisis"—at that point, politicians can rush out and take credit for fixing it. While private companies consider preventive maintenance as a long-term investment that affects the future productivity of a business, government officials do not have an incentive to maintain the long-term value of their "business." Rather, they have an incentive to "defer routine maintenance until major restoration or new capital purchases . . . are required" (Stroup and Goodman 1992, 439). One reason is that unlike maintenance, new capital expenditures can be financed with borrowed funds, deferring the costs into the future.

In addition, because visitors are not paying the bill, public land managers tend to ignore their wishes. For example, in 1996 Yellowstone park managers closed the Norris campground and two museums, saving the park $70,000 in operating expenses. Ironically, even at low prices, the campground alone brought in revenues of $116,000, well above the cost of operation. Managers ignored these revenues because they went to the national treasury, not to the park for use in Yellowstone.[3] Thus, the park managers saved operating expenses by closing the campground and the museum, but taxpayers lost $46,000, and visitors lost the use of facilities they clearly valued.

Under the congressional appropriations process, any funds unspent are returned to the national treasury. This means that any park manager who carefully conserved funds would not only receive no reward but would, in fact, be penalized. The likely result of his or her prudence would be a smaller budget the next year.

Occasional legislative changes that have allowed some revenues to stay where they were collected led almost inevitably to an equal decrease in appropriations the following year. For example, legislation passed by Congress in 1972 specified that visitor fees on federal lands be used by the agency that collected them. The intent was to encourage agencies to collect more fees. However, the executive branch's Office of Budget and Management and Congress offset the fees by an equal decline in budget appropriations, thus eliminating any incentive to raise revenues (Mackintosh 1983, 70).

THE FEE DEMONSTRATION PROGRAM

In 1996, in search of alternative methods to obtain funds for our federal lands, Congress authorized the Fee Demonstration Program. The program provides increased funding to help restore degrading facilities and to help meet growing needs on our public lands. Four agencies are participating—the National Park Service, the Forest Service, the Bureau of Land Management, and the Fish and Wildlife Service.

Each agency may choose up to one hundred sites at which higher fees or new fees can be charged. At least 80 percent of the fee revenues must be maintained at the site where they are collected, with the remainder spent at agency discretion.[4] Fee revenues can fund a broad array of activities ranging from costs of fee collection to resource preservation and law enforcement. The program is authorized to operate through 2001 and allows agencies until the end of fiscal year 2004 to spend the revenues collected.

In fiscal year 1998, fee demonstration projects were operating at 312 sites. These included 100 sites managed by the Park Service, 68 by the Bureau of Land Management (out of 78 projects approved), 77 by the Fish and Wildlife Service, and 67 by the Forest Service (out of 90 approved). Revenues from fees have nearly doubled since the program began, increasing from about $93 million in fiscal year 1996, before the program was implemented, to $180.2 million in fiscal year 1998 (USDI and USDA 1999, 1). Of course, fees still represent a small portion of total agency budgets.

Initial reports, including a study by the congressional General Accounting Office (1998b), suggest that the demonstration program is a qualified success. Despite higher fees, visitor numbers for all agencies were up nearly 5 percent between 1996 and 1997.[5] And visitor response to surveys has been positive:

- Park Service visitor surveys indicate that about 83 percent of respondents were satisfied with the fees they paid or felt they were too low (USDI and USDA 1999, 8).

- The Fish and Wildlife Service found that 86 percent of visitors surveyed considered fees about right (USDI and USDA 1999, 8).

- A Bureau of Land Management visitor survey indicated the majority of respondents found fees to be about right (USDI and USDA 1999, 8).

- Interest groups that monitor federal recreation have also supported the program, including the American Recreation Coalition, National Parks Conservation Association, and Washington State Mountaineers (GAO 1998b, 85).

The Forest Service has not fared quite as well as other agencies. In the summer of 1999, a one-day protest was organized to oppose the program, especially at Forest Service sites where no fees had previously been charged. And several congressmen, including fiscal conservatives, tried to eliminate the Forest Service from the Fee Demonstration Program. Even so, a Forest Service survey indicated high to neutral acceptance of fees on public lands from 60 percent of the respondents (USDI and USDA 1999, 1).[6]

RESULTS OF THE PROGRAM

It is too early to evaluate the Fee Demonstration Program completely. Only 24 percent of the new fee receipts had been spent by March 1998, when the General Accounting Office prepared a comprehensive report (GAO 1998b, 34).

However, some evidence is in. At first, the costs of fee collection itself consumed nearly 30 percent of the new revenues. Parks charging new fees had to set up fee stations and arrange for sale of passes near the parks. Indeed, the most noticeable effects of the program have involved pricing and fee collection. For example, thirty Park Service sites have installed automated fee-collection machines. The machines accept cash or credit cards. As visitors approach within fifty miles of Grand Canyon National Park, they can prepurchase passes, then zip through a dedicated lane at the park entrance rather than wait to purchase entry permits.

Other such changes include:

- Visitors heading toward one of four southern California national forests can purchase a permit at any of 350 local businesses.

- White Mountain National Forest in New Hampshire requires a trail park permit but allows visitors without a prepurchased forest permit 14 days to mail in payment.

- A visit to the Web page of Paria Canyon-Coyote Buttes in Utah, managed by the Bureau of Land Management, provides information about location and reservation availability (entry into the canyon is limited to twenty backpackers per day). Interested parties can purchase a backpacking permit on-line.

While improving fee collection took time and money, it was not the biggest expenditure. As many had hoped, the largest portion of the new fees, 36 percent, is going to repair and maintenance and protection of natural resources previously neglected. Recent expenditures include the following:

- Natural Bridges National Monument in Utah, which is managed by the Park Service, used fees to rebuild 5,000 feet of deteriorating trails. The monument had not had a trails maintenance and repair program in over thirteen years; it now has a trails maintenance crew of five.[7]

- Fees helped Grand Teton National Park survey wildlife in the park and monitor water quality.[8]

- At the Forest Service's Mount St. Helens National Monument, fees kept open three visitor centers that otherwise might have been closed. Other funds at Mount St. Helens were used for plowing snow to provide early access to the monument's popular Windy Ridge and Lava Canyon areas (Forest Service 1998).

Pricing Changes

Managers at some agencies are experimenting with differential pricing, a technique typical of the private sector. Some Bureau of Land Management and Forest Service sites have begun to charge lower weekday prices to encourage midweek rather than weekend visitation.[9]

- At Tonto National Forest in Arizona, an annual day-use pass valid seven days a week costs $90 per year. But a $60 pass is valid Monday through Thursday.

- At the Lower Deschutes Wild and Scenic River in Oregon, the Bureau of Land Management charges a $10 camping fee per site per day on summer weekends, but only $5 in the middle of the week and during off-season weekends.

- A trails pass program on Washington and Oregon national forests costs trail users $3 a day or $25 annually to park at trail heads. Persons volunteering a day of trail work with the Washington Trails Association, a partnership group, can earn a free single-day trail pass. Two days of labor earn an annual permit.

The Forest Service has found that differential pricing increases public acceptance of fees. Users can choose a pass that meets their specific needs, and lower-income users have better access (USDI and USDA 1999, 33). It also helps disperse visitation into shoulder seasons, which reduces operating costs by reducing the need for additional staff, facilities, and maintenance and decreasing damage to resources.

There are shortcomings, however, in the initial implementation of the fee programs. Confusing, layered, and excessive fees still abound. For example, hiking in the Olympic National Forest in Washington requires a trailhead parking fee of $3 per day per vehicle or $25 per year. While there are no backcountry or overnight fees on the national forest, when the trail crosses the boundary into Olympic National Park, hikers become subject to a $5 backcountry hiking permit and $2 per night fee—neither of which is available for purchase on the national forest.

In some cases, managers have responded innovatively to complaints, however. White Mountain National Forest in New Hampshire restructured its fees to require payment only in areas where visitors' fees would be put to use: trails, picnic areas, and campsites. Compliance doubled, from 30 to 65 percent, greatly reducing the cost of enforcement.[10] Similarly, after one year in the program, the Forest Service managers at Mount St. Helens cut the annual pass from $24 to $16, with no charge during the winter months.

In some cases, cooperation among land agencies can eliminate duplication and confusion. In Utah, for example, a single entrance fee provides entrance to the Park Service's Timpanogos Cave National Monument and the Uinta National Forest, which surrounds it. However, because the federal fee program is a pilot program scheduled to end in 2001, agencies lack a strong motivation to work out complicated cooperative arrangements.

Overall, the National Park Service has done little toward fee innovation. Most fees are still one-size-fits-all regardless of the time of year or length of stay.

One result is a black market in passes in Yellowstone National Park. Because many Yellowstone visitors stay only a short duration, the seven-day, nontransferable entry pass has become popular for trade (*High Country News*, August 14, 1998).[11] The Golden Eagle pass, which permits the purchaser entry to any park for a year for $50, has also changed hands illegally. In 1997, according to news reports, Yellowstone confiscated three hundred Golden Eagle passes used by individuals other than the purchaser. The seized Golden Eagle permits had a potential value of $6,000 in park revenue.

A single-day pass, at a lower price than the week-long permit, would reduce such transfers.

State Park Systems—A Step Ahead

As the federal government moves ahead with fees, it can learn a lot from state park systems, some of which have experienced fiscal restraints in recent years. In some cases, state legislators have told their park managers that they must start supporting themselves. This is pushing state park systems toward fiscal self-sufficiency and innovation (see Leal and Fretwell 1997).

In 1980, general taxes supported 64 percent of total state park budgets. In 1997 that figure had fallen to 36 percent. User fees rose from 17 percent of spending in 1980 to 34 percent in 1997 (NASPD 1981 and 1998). A few state park systems have cut all fiscal ties, giving autonomy to park management.

New Hampshire

The New Hampshire Division of Parks and Recreation is required to finance the department's nearly $5 million operating budget from user fees, as well as a portion of construction improvements. To achieve this, park managers are allowed to retain half of all fees; the rest go to the state agency. As a result of this pressure, New Hampshire became the first state park system to implement differential pricing. A campground with a scenic view may cost more than one without, and higher prices are charged during periods of peak demand. Such differential fees send signals to park managers about what visitors prefer and are willing to pay. They also help disperse visitors throughout the park system and throughout the year, increasing visitation during shoulder seasons (Leal and Fretwell 1997, 12).

Texas

With over 500,000 acres and more than 24 million visitors a year, the Texas state park system became self-sufficient in 1994. Three years earlier, the state legislature announced that general funds, which covered 60 percent of the park system budget, would be eliminated from the system except for a small tax on recreational equipment sales designated for parks.

After contemplating closure of a number of parks, state park officials redesigned the system. Park managers were given incentives to raise revenues and cut costs. A portion of the higher park receipts would remain within the park where they were generated, and all savings were to be applied to the following year's budget (see Leal and Fretwell 1997).

Although there have been some problems in carrying out the plan,[12] park managers quickly became innovative in providing services to park visitors and in protecting resources. For example, visitors at Brazos Bend State Park can enjoy a two-hour nocturnal "owl prowl" for $3 per person or watch alligators from a pontoon boat for $8 per person. Huntsville State Park holds trail runs, "fun runs," and an annual "canoe rendezvous" that generate as much as $7,000 annually (Leal and Fretwell 1997, 14).

Though fee generation has become a priority, resource protection is still critical. The additional money generated at Brazos Bend State Park helped pay for a plant shredder to create small openings for wildlife in dense areas of vegetation (Leal and Fretwell 1997, 14). A comparison of Big Bend National Park in Texas with nearby Big Bend Ranch State Park underscores the point (Leal and Fretwell 1997, 20–25). The national park faces serious deterioration of facilities and trails, yet there is no deliberate effort to control where visitors go in order to limit their impact on the park trails (Big Bend National Park 1996, 7). In contrast, Big Bend Ranch State Park is divided into zones in which the number of visitors at any given time is strictly controlled. Environmentally sensitive areas are monitored to assess the effects of public use, and visitors can be rerouted to minimize harmful human impacts (Texas Parks and Wildlife Department 1994, 21).

In addition, a portion of park revenues goes to a statewide fund to help maintain parks that have ecological value but don't attract enough visitors to be self-supporting. As Wilburn Cox, Huntsville State Park Superintendent said, "Protection of our natural resources remains our first priority."[13]

Other Parks

Other examples illustrate the vitality and accountability that come from relying on visitors, not taxpayers, for funds:

- Baxter State Park is different from most state parks in Maine, which are funded almost entirely by tax dollars. The park, originally purchased and donated by former Governor Percival Baxter, was later designated Baxter State Park. The park, now over 200,000 acres of wilderness, is a paradise for the naturalist, mountain climber, hiker, and photographer. User fees and interest earned from the park's trust fund left by the late governor pay all park expenses.[14]

Consistent with Governor Baxter's wishes, the park has been careful about accepting funding with strings attached, and it recently cut its final tie with government by declining an $80,000 state annual allocation for road maintenance (Lagasse 1999). Park managers control access by limiting the size of parking lots and trailheads. The state was putting pressure on the park to widen roads and enlarge parking lots, so the park turned down the funding.

- In 1992, after a series of budget cuts, the park system of Bellevue, a city near Seattle, Washington, formed an Enterprise Division. This division raises revenues by charging market fees for activities such as golf, swimming, tennis, boat launching, company picnics, weddings, and basketball, volleyball, and softball leagues—activities previously supported by tax dollars. Grants and donations enable low-income people to participate without paying the fees. The division generated $20,207 more revenue than expenses in 1997 (Bellevue Parks and Community Services 1997, 6).

- On the 1.6 million acres of the Fort Apache Reservation in east-central Arizona, the White Mountain Apache Tribe has created a rich array of recreation opportunities. Visitors pay to hunt, fish, and camp. Hunting ranges from inexpensive hunts for small game to expeditions for trophy elk that can cost $12,500 or more. By offering different experiences at different prices, the White Mountain Apache obtain funds for wildlife management and research and protection of the endangered Apache trout and the Mexican spotted owl (see Anderson 1996, 17–19).

Recommendations

The Fee Demonstration Program provides the first step toward a system of self-sufficiency for our federal parks and recreation lands. Making the program permanent and expanding it to all federal recreational lands would take us farther down the path.

- A permanent program would allow agencies to make long-term plans for recreation development, invest in start-up costs needing amortization over several years, and justify the commitment of time required to design interagency fees and passes. (Incentives for long-term planning are missing since the Fee Demonstration Program is scheduled to end in 2001.)

- Expanding the program to include all federal areas, not just the several hundred currently in the program, would motivate managers to give resource stewardship priority over politics and to keep prices low while still increasing revenues. Thus, legislation prohibiting fee collection at certain sites or limiting use of fee receipts should be removed. All legislation must be consistent with program guidelines and all public recreation activities should fit agency missions.[15]

The federal Fee Demonstration Program, along with the experience of state and local parks, illustrate the benefits that can come from visitor fees. However, the greatest shortcoming of the Fee Demonstration Program is its inability to address agency expenditures. Congress still finances the vast majority of the federal agencies' budgets through appropriations. As long as this is the case, agencies have little incentive to control costs except those linked to the demonstration program (the more efficient they are in using those fees, the more money they have to use at their discretion). Other unspent funds (such as congressional appropriations) must still be returned to the national treasury, and Congress will still determine the bulk of their budgets. The motivation to drive budgets up still exists, and opportunities for political interference still abound.

Ultimately, costs and revenues will both come into line only if the parks and other units are required to fully fund themselves. To that end, more drastic steps will be required.

- To bring in competition and fiscal prudence, budget appropriations should be frozen at their present levels. Additional funds must come through additional revenues. These additional revenues would be used at the individual parks where they are collected, and any cost savings by the park manager could be used in subsequent years. Managers must have the flexibility to use revenues as they see fit, while also being required to meet their budgets.[16]

- Ultimately, most federal parks and recreation sites should be financially self-sufficient. The discipline of self-support would reduce park managers' fiscal promiscuity and curtail pressure to initiate congressional pet projects.

It is true that some lands under federal management are not likely ever to be financially self-sufficient. These should be placed under a trust or endowment board, as suggested by Richard Stroup and John Baden (1982). A portion of receipts (such as the 20 percent of revenues under the Fee Demonstration Program that can be spent outside the unit where collected) could be set aside to help fund such units. Alternatively, a portion of fees from agency and interagency passes could help pay their way.

Many people are troubled by the state of our national parks and the heavy costs to the taxpayer of recreation on other federal lands. Misplaced incentives direct federal land managers to respond to the whims of political forces, rather than to conserving and showcasing their natural resources. By changing these incentives, we can encourage federal land managers to be more responsive to visitors, more responsible with maintenance, and more protective of natural resources. A move toward self-sufficiency should be taken to protect and restore our public lands in the twenty-first century.

Notes

1. Joy Lions, Chief of Program Services, Mammoth Cave National Park, Mammoth Cave, Kentucky, telephone interview, September 16, 1999. Cave tour fees have since increased from $1.50 in 1980 up to $7 in 1998.

2. Bill Austin, owner, Kentucky Down Under, Horse Cave, Kentucky, telephone interview, August 11, 1999.

3. Don Striker, Comptroller, Yellowstone National Park, Wyoming, telephone interview, April 20, 1997.

4. The National Park Service and Fish and Wildlife Service sites retain 80 percent of receipts, with the remaining 20 percent used for nondemonstration sites in the parks or (in the case of the Fish and Wildlife Service) at the discretion of the regional director. Forest Service sites retain 95 percent of receipts, with the remaining 5 percent to be spent at the discretion of the regional office. At Bureau of Land Management collection sites 100 percent of receipts are retained.

5. This provides only a preliminary indicator of the impact because the data represent the change of a single year with no measure of other factors that affect visitation such as weather, construction, and the state of the economy.

6. See also GAO (1998b, 80–85).

7. Keith Stegall, SEUG Trails Coordinator, Canyonlands National Park, Moab, Utah, written communication, December 18, 1998.

8. Bob Schiller, Chief of Resource Management, Grand Teton National Park, Moose, Wyoming, telephone interview, October 6, 1999.

9. These prices were in effect in mid-1999.

10. Tom Moore, Supervisor, White Mountain National Forest, Gorham, New Hampshire, telephone interview, December 8, 1998.

11. Long lines for cars without passes also encourage this trade. “Express lane” entry passes, which are good for seven days, are sold at twenty businesses in West Yellowstone to help prevent backup at the West gate. While popular in the winter months, they are rarely used during peak summer months.

12. Because incentive payments came from anticipated revenues rather than current earnings, a year of drought in 1996 and flooding in 1997 left Texas parks in the red. Funds were insufficient to cover all operating expenses and incentive payments. As a result, incentive payments were eliminated from the system in 1998.

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

14. Roxanna McLean, Administrative Secretary, Baxter State Park, Millinocket, Maine, telephone interview, August 5, 1999.

15. Currently some fee activities are not included under the scope of the program, such as permits for outfitters and guides (USDI and USDA 1999, 42).

16. Managers must continue to abide by agency goals and missions.

REFERENCES

Anderson, Terry L. 1996. Conservation—Native American Style. *PERC Policy Series* PS-6. Bozeman, MT: Political Economy Research Center, July.

Anderson, Terry L., and Donald R. Leal. 1997. *Enviro-Capitalists: Doing Good While Doing Well*. Lanham, MD: Rowman & Littlefield Publishers.

Bellevue Parks and Community Services. 1997. *1997 Enterprise Division Annual Report*. Bellevue, WA.

Big Bend National Park. 1996. *State of the Park Report: Big Bend National Park Rio Grande Wild and Scenic River.* Big Bend National Park, Texas.

Consumer Reports. 1997. Rating the Parks. June, 10–17.

Cushman, John H., Jr. 1997. For National Parks’ Employees, A Housing Crisis. *New York Times*, August 17, 1.

Forest Service. 1998. *Mount St. Helens Lowers Some Prices After First Season of Fee Collections.* [cited February 3, 1999]. News release dated January 5, 1998. Available: http://svinet2.fs.fed.us:80/gpnf/press/pr91.htm.

———. 1999. *Interim Rule Background of Forest Roads*. [cited October 13, 1999]. July 19 Update. Available: http://www.fs.fed.us/news/roads/.

Fretwell, Holly Lippke. 1998. *The Price We Pay*. Public Lands Report No. 1. Bozeman, MT: Political Economy Research Center.

———. 1999. *Forests: Do We Get What We Pay For?* Public Lands Report No. 2. Bozeman, MT: Political Economy Research Center.

General Accounting Office (GAO). 1995. *National Parks: Difficult Choices Need to Be made About the Future of the Parks*. GAO/RCED-95-238, August.

———. 1998a. *National Park Service: Maintenance Backlog Issues*. GAO/T-RCED-98-61, February 4.

———. 1998b. *Recreation Fees: Demonstration Fee Program Successful in Raising Revenues But Could Be Improved*. GAO/RCED-99-7, November.

———. 1999. *Western National Forests: A Cohesive Strategy is Needed to Address Catastrophic Wildfire Threats*. GAO/RCED-99-65, April.

Greve, Frank. 1997. Senior Legislators Claim Park Funds for Pet Projects. *Washington Post*, December 1.

Hess, Karl, Jr., and Jerry L. Holechek. 1995. *Beyond the Grazing Fee: An Agenda for Rangeland Reform.* Policy Analysis No. 234. Washington, DC: Cato Institute, July 13.

Lagasse, Mary Anne. 1999. Baxter Declines DOT Road Funding. *Bangor* (Maine) *Daily News*, January 15.

Leal, Donald R., and Holly Lippke Fretwell. 1997. Back to the Future to Save Our Parks. *PERC Policy Series* PS-10. Bozeman, MT: Political Economy Research Center, June.

Mackintosh, Barry. 1983. *Visitor Fees in the National Park System: A Legislative and Administrative History.* Washington, DC: U.S. Department of Interior, National Park Service, History Division.

National Association of State Park Directors (NASPD). 1981. *1981 Annual Information Exchange: State Park Statistical Data for the Year Ending June 30, 1980.* Tallahassee, FL.

———. 1998. *The 1998 Annual Information Exchange: A Statistical Report of State Park Operations for the Period July 1, 1996 through June 30, 1997.* Tallahassee, FL.

Office of Management and Budget (OMB). 1999. *Budget of the United States Government Fiscal Year 2000.* [cited July 7, 1999]. Available: http://www.access.gpo.gov/usbudget/fy2000/other.html.

Pound, Edward T. 1997. Costly Outhouses Monuments to Red Tape. *USA Today*, December 15.

Stroup, Richard and John Baden. 1982. Endowment Areas: A Clearing in the Policy Wilderness? *Cato Journal* 2 (winter): 91–108.

Stroup, Richard L., and Sandra L. Goodman. 1992. Property Rights, Environmental Resources, and the Future. *Harvard Journal of Law & Public Policy* (spring): 427–54.

Texas Parks and Wildlife Department. 1994. *Big Bend Ranch State Natural Area Management Plan.* Austin.

U.S. Department of the Interior (USDI) and U.S. Department of Agriculture (USDA). 1999. *Recreational Fee Demonstration Program Progress Report to Congress Fiscal Year 1998*. Washington DC: National Park Service, Fish and Wildlife Service, Bureau of Land Management, and Forest Service, January 31.

Wagner, Frederic H., Ronald Foresta, R. Bruce Gill, Dale R. McCullough, Michael R. Pelton, William F. Porter, and Hal Salwasser. 1995. *Wildlife Policies in the U.S. National Parks.* Washington, DC: Island Press.

Wilderness Society. 1999. *15 Most Endangered Wildlands, 1999: Putting Conservation First*. [cited September 15, 1999]. Available: www.wilderness.org/newsroom/15most/.