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NATIONAL PARK
SERVICE

Better Management and
Broader Restructuring Efforts
Are Needed

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Messrs. Chairmen and Members of the Subcommittees:

I am pleased to be here today to discuss efforts by the Department of the Interior's National Park Service to improve its financial and program data, internal controls, and performance measures and to restructure its organization. My observations today are based on the 27 reports or testimonies that we have issued over the last 8 years on the Park Service's activities and programs.¹ My remarks also draw on products that we have issued over the last several years on the activities and programs of the other three primary federal land management agencies--Interior's Bureau of Land Management (BLM) and Fish and Wildlife Service (FWS) and the Department of Agriculture's Forest Service--as well as on the knowledge we have gained through our work on natural resources management issues of interest to the Congress.

Our work has raised several issues and concerns about the Park Service's financial and program data, internal controls, performance measures, and restructuring plans.

- First, the Park Service does not have adequate financial and program data and controls to know (1) the nature or extent of many problems associated with the resources it is legislatively mandated to foster, protect, and preserve, (2) the effectiveness of measures taken to deal with the problems, or (3) the activities and programs to which the limited available resources can be allocated to do the most good; that is, to the problems that pose the greatest risk and are most amenable to remedy. The need for adequate data, controls, and performance measures is particularly critical given the highly decentralized nature of the Park Service and the autonomy of its individual unit managers.
- Second, although the Park Service's restructuring plan addresses some of the challenges currently facing the agency--such as the need to meet the demands of an expanding system, growing numbers of visitors, and increasingly complex resource protection problems--the plan does not address the potential to improve operations through a collaborative federal approach to land management involving Interior's three land management agencies and Agriculture's Forest Service. It also does not consider which functions and programs could be eliminated or turned over to state and local governments or the private sector.

BACKGROUND

Over the years, the Park Service's basic mission of protecting the park system for the enjoyment of current and future generations

¹Appendix I lists these GAO products.

has not changed. However, since the first park was created at Yellowstone over 100 years ago, the system has grown to encompass 368 units, including parks, monuments, and historic sites, covering about 80 million acres. The infrastructure of buildings, employee housing, roads, bridges, utility systems, and other facilities constructed to provide access to or make use of natural resources on Park Service lands has also grown to an estimated \$35 billion in value in 1991. In addition, the Park Service's duties and responsibilities have expanded to include protecting endangered and threatened species, maintaining or restoring environmental quality, identifying and assessing the effects of its own activities on the environment and natural resources, and developing long-range plans.

The Congress has increased appropriations for the Park Service's operations by more than 30 percent (in constant dollars) over the last 10 fiscal years to about \$1.1 billion in fiscal year 1995. In addition, parks have become big business; the number of recreational visitors has grown by over 20 percent since fiscal year 1985 to about 273 million in fiscal year 1994. In 1989, concessioners operating on Park Service lands grossed revenues in excess of \$531 million, of which the government received about \$13.2 million, or 2.5 percent. The Service also collected \$59 million in entrance and user fees in fiscal year 1991. Another \$228 million in recreation fees went uncollected because of lack of incentives for the Service to collect the fees, legislative and deed restrictions, and staffing and funding shortfalls.² These issues--as well as the legislative precedent for directing revenues, such as user fees, back to the units that generated the revenues through their activities and programs--have been the subject of prior GAO reports to or testimonies before your subcommittees.

LIMITATIONS OF THE PARK SERVICE'S FINANCIAL AND PROGRAM DATA, INTERNAL CONTROLS, AND PERFORMANCE MEASURES

The Chief Financial Officers Act of 1990 requires federal agencies to establish financial management concepts that result in reliable systems and information to support decision-making and strengthen accountability. Four years after this act's passage, the Park Service has made little progress in implementing its provisions.

Time and again, our work, as well as that of Interior's Office of Inspector General, has shown that the Park Service lacks the necessary financial and program data, internal controls, and performance measures needed to (1) shift existing resources among competing priorities to accomplish, as fully as possible, the goals

²See Recreation Fee Charges and Collections, National Park Service, U.S. Department of the Interior, Office of Inspector General (Report No. 93-I-793, Mar. 29, 1993).

and objectives envisioned by the Congress, (2) rank priorities so that the most pressing issues receive the most attention, (3) link the planning process directly to budget decisions to have a greater impact on the allocation of new resources, and (4) measure program benefits to further help identify the most efficient and effective use of existing resources.

For example, as the number of park visitors has grown, so, too, has the shortfall between the needs for maintenance and reconstruction cited by park managers and the funds available to meet these needs. Estimates of this shortfall range from about \$2 billion to over \$4 billion and include costs for correcting everything from unmowed grass and peeling paint to collapsed structures and closed hiking trails. Some park managers report that some assets, including historical buildings, have deteriorated so far that, if not repaired or maintained soon, they may be lost for future generations. In addition, some national historic buildings have been temporarily closed to the public because of advanced deterioration.³

Although we do not dispute the existence of a shortfall, we have questioned (1) the validity of the data on which estimates of the shortfall are based and (2) the Park Service's accountability for the funds appropriated. For example, deferred maintenance on employee housing is included in estimates of the shortfall. However, we could not verify the accuracy of the Park Service's \$546 million estimate for repairing and replacing employee housing. Park Service headquarters had not provided guidance to regional offices and park units on how to prepare their estimates. As a result, at the 17 parks we reviewed, officials generally could not support their estimates and, in some cases, did not know how the estimates had been derived. Our work also has shown that the Park Service lacks basic financial and program data about concessioners operating on its lands, threats to park units, and the condition of natural and cultural resources.

In addition, the Park Service does not have internal controls that provide adequate assurance that funds are used in the most cost-effective manner. For example, in its February 21, 1992, report on the maintenance of the National Park System, Interior's Office of Inspector General stated that maintenance funds were being used for administrative and nonmaintenance purposes and that the Service did not properly account for its fee program revenues. On September 23, 1994, Interior's Inspector General reported that the Service (1) had not effectively implemented recommendations in prior Inspector General reports to correct such weaknesses as

³In addition to GAO's reports, also see Audit Report: Maintenance of the National Park System, National Park Service, U.S. Department of the Interior, Office of Inspector General (Report No. 92-I-455, Feb. 21, 1992).

ineffective controls over cash receipts and disbursements and property, plant, and equipment and (2) had materially misstated some of its account balances. Furthermore, according to the Inspector General, the Service could not ensure that budgeted funds were adequately tracked and controlled.⁴ On the basis of the Inspector General's recommendation, Interior reported on December 29, 1994, that the Park Service was one of only two departmental agencies (the Bureau of Indian Affairs was the other) for whose management, accounting, and administrative control systems it could not provide a reasonable assurance of integrity.⁵

Good baseline data and adequate financial controls are prerequisites for developing reliable financial reports and useful performance measures to improve accountability and stewardship and to lower costs by focusing on results. For example, in a 1984 report, we concluded that the Park Service did not have a system to plan, organize, direct, and review its maintenance activities and therefore could not ensure that its assets received the necessary upkeep and that park maintenance activities were efficient and effective.⁶ Now, a decade later, the Park Service has developed a system (the Maintenance Management System) for tracking maintenance activities at the park level; however, this system is not reliable and is not used by Park Service officials to track progress. As a result, the Park Service cannot implement results-oriented management by defining targets for performance goals, developing performance indicators to measure progress toward the goals, collecting performance data, and analyzing and communicating results. These limitations hinder or preclude the Service from linking its resource allocation decisions to specific performance accomplishments.

Under the Government Performance and Results Act of 1993, the Park Service's efforts will need to be reflected in Interior's annual performance plan covering the programs and activities set forth in its budget beginning with fiscal year 1999. For a given funding level, specific results are expected. Actual program results can then be compared with established goals. For example, a national park may be allocated maintenance funds with the understanding that certain work will be performed so that

⁴See Quick-Reaction Survey Report: National Park Service Financial Statements for Fiscal Years 1993 and 1994, U.S. Department of the Interior, Office of Inspector General (Report NO. 94-I-1269, Sept. 23, 1994).

⁵See The Federal Managers Financial Integrity Act: Secretary's Annual Statement and Report To the President and the Congress, U.S. Department of the Interior, Dec. 29, 1994.

⁶See National Park Service Needs A Maintenance Management System (GAO/RCED-84-107, June 1, 1984).

conditions at the park will be retained at or brought up to standard. Park superintendents will then be held accountable for completing the work. However, the Park Service will not be able to incorporate performance goals and indicators into its planning and budget processes until it develops good baseline data and adequate financial controls.

As we have noted in prior products, the park system is capable of generating additional revenues that could be used to supplement or supplant the Park Service's yearly appropriations. For example, the Congress is considering giving the Park Service more discretion to increase entrance and user fees and reform its concessions policy and to direct at least a portion of the increased revenues back to the units that generated them. However, we believe that such discretion in generating and using federal funds must be accompanied by improvements in the Park Service's accountability and stewardship, including improvements in its financial and program data and internal controls. Only after these improvements are implemented can measurable performance goals be established and performance indicators be developed to measure accomplishments and enable the Park Service to lower costs by focusing on results.

STATUS OF THE PARK SERVICE'S RESTRUCTURING EFFORTS

Interior and other federal departments and agencies are currently implementing the recommendations contained in the administration's September 7, 1993, National Performance Review (NPR) report. NPR is intended to "reinvent" government so that it works better and costs less.

To meet the goals of NPR's first phase, as well as other streamlining directives from the administration and legislative mandates, Interior asked its agency heads, including the Park Service Director, to review their organizational structures and identify strategies to reduce layers, increase the span of control for supervisors, and reduce headquarters functions while protecting on-the-ground employees who deliver services directly to Interior's customers. The restructuring plan for the Park Service--developed by a team of park, regional, and headquarters personnel and approved by Interior--addresses these objectives and seeks to meet the challenges of an expanding system, growing numbers of visitors, and increasingly complex resource protection problems. The plan will be implemented over the next 4 fiscal years at a still-to-be-determined cost.

Shifting Resources to the Field

The Park Service's restructuring plan would shift about 1,000 positions from headquarters and central units to the field and would reduce the total number of Park Service employees by 459, or about 2 percent, below the fiscal year 1994 level. The Park Service would organize its field units into 16 ecologically-

culturally-geographically based clusters of 10 to 35 units each. Each cluster would be supported by a Systems Support Office that would serve its field units by providing, among other things, professional, technical, and administrative services and acting as a liaison with agencies and others.

Under the restructuring plan, the Park Service's 10 current Regional Offices would be reduced to 7 and called Field Director Offices. They would provide direction and oversight, formulate budgets, assist in media relations, and serve as the principal liaison for their respective areas. Each of the seven Field Director Offices would be collocated with a Systems Support Office to facilitate the sharing of general support services and space. In addition, 10 National Program Centers would provide administrative, technical, and other professional support to parks and other customers. Overall responsibility for such functions and activities as planning, external affairs, management systems, education and visitor services, natural resources stewardship and science, cultural resources and partnerships, professional services, and administration would remain at the headquarters level.

Broadening the Plan's Scope

While we believe that the Park Service's restructuring plan should result in some improvements, we have two basic concerns about the strategy chosen by Interior and followed by the Park Service to develop the plan. First, the plan is limited primarily to changes that can be accomplished within the Park Service's existing structure. A broader, more efficient strategy could have explored the opportunities that exist across federal land management agencies to refocus, combine, or eliminate certain missions, programs, activities, or field locations.

Second, to meet the goals of NPR's second phase--announced on January 3, 1995--the Park Service is only now being asked to identify the functions and programs that it could terminate, privatize, or devolve to state or local governments. We believe that any effort to reinvent or downsize government needs to ask the basic question: "What can and should the federal government do?" However, because NPR is only now asking this fundamental question, the Park Service needs to recognize that a thorough sorting out of the functions and programs that are and are not essential to its mission could entail substantial changes in its structure, and it must ensure that its planned restructuring is capable of accommodating such changes.

Because Interior asked the Park Service to review only its organization and identify strategies to reduce its layers, increase the span of control for its supervisors, and reduce its headquarters functions, the Park Service's proposed restructuring plan addresses only the gains to be derived from sharing resources

within the agency. The plan does not address similar benefits that could be derived from collocating or combining some of its functions, systems, activities, and programs with those of other federal land management agencies. Joint efforts in planning and budgeting; joint use of administrative, technical, and management systems; and joint stewardship of natural and cultural resources could lead to greater efficiency.

In contrast, the Forest Service has proposed to collocate its regional offices with those of another Agriculture agency (the Natural Resources Conservation Service). In addition, the Forest Service's December 1994 reinvention report emphasizes collocation with other government agencies as a means of streamlining, sharing resources, and saving rental costs. The report notes that the Forest Service has already collocated over 60 of its units (about 6 percent) and, where opportunities exist, will pursue additional collocations.

In justifying its proposed structure for sharing resources, the Park Service's plan states that the changes will fundamentally alter the way in which the Service manages its activities, resulting in what it believes will be a more efficient operation that will better fulfill its extensive stewardship responsibilities. We agree with this philosophy but believe that the current fiscal climate demands that the four primary federal land management agencies look beyond existing jurisdictional boundaries in their search to reduce costs, increase efficiency, and improve service to the public. To encourage a broader perspective, we have supported experiments to build support for consolidating the management of adjacent federal lands. Moreover, to increase the probability of success, the agencies should incorporate these experiments into their ongoing efforts to downsize and restructure their respective organizations and that they should develop criteria to judge their progress toward achieving these objectives.

We believe that the current fiscal climate demands that the Park Service and other federal land management agencies work together to reduce costs, increase efficiency, and improve service to the public. Toward this end, we believe that the Park Service needs to work closely with the Congress and other federal land management agencies to develop a coordinated interagency strategy to link Park Service reforms to reforms being proposed by the other agencies. The ultimate goal of this strategy would be to coordinate and integrate the functions, systems, activities, and programs of the Park Service with those of the other federal land management agencies so that they operate as a unit at the local level.

Messrs. Chairmen, this concludes my statement. I will be happy to respond to any questions that you or other Members of the Subcommittees may have.

PERTINENT GAO REPORTS AND TESTIMONIES
BY SUBJECT AREA

PARK SERVICE MANAGEMENT ISSUES

National Park Service: Reexamination of Employee Housing Program is Needed (GAO/RCED-94-284, Aug. 30, 1994).

National Park Service: Activities Outside Park Borders Have Caused Damage to Resources and Will Likely Cause More (GAO/RCED-94-59, Jan. 3, 1994).

Department of the Interior: Transfer of the Presidio From the Army to the National Park Service (GAO/T-RCED-94-64, Oct. 26, 1993).

Department of the Interior: Transfer of the Presidio From the Army to the National Park Service (GAO/RCED-94-61, Oct. 26, 1993).

National Park Service: Condition of and Need for Employee Housing (GAO/RCED-93-192, Sep. 30, 1993).

National Park Service: Scope and Cost of America's Industrial Heritage Project Need to be Defined (GAO/RCED-93-134, May 14, 1993).

National Park Service: Status of Development at the Steamtown National Historic Site (GAO/T-RCED-92-6, Oct. 11, 1991).

Air Pollution: Protecting Parks and Wilderness From Nearby Pollution Sources (GAO/RCED-90-10, Feb. 7, 1990).

The Maintenance Needs of the National Park Service (GAO/T-RCED-88-27, Mar. 23, 1988).

Parks and Recreation: Park Service Managers Report Shortfalls in Maintenance Funding (GAO/RCED-88-91BR, Mar. 21, 1988).

Parks and Recreation: Limited Progress Made in Documenting and Mitigating Threats to the Parks (GAO/RCED-87-36, Feb. 9, 1987).

CONCESSIONS ISSUES

Federal Lands: Improvements Needed in Managing Short-Term Concessioners (GAO/RCED-93-177, Sep. 14, 1993).

Federal Land: Little Progress Made in Improving Oversight of Concessioners (GAO/T-RCED-93-42, May 27, 1993).

National Parks: Issues Involved in the Sale of the Yosemite National Park Concessioner (GAO/RCED-92-232, Sep. 10, 1992).

National Park Service: Policies and Practices for Determining Concessioners' Building Use Fees (GAO/T-RCED-92-66, May 21, 1992).

Federal Lands: Oversight of Long-Term Concessioners (GAO/RCED-92-128BR, Mar. 20, 1992).

Federal Lands: Improvements Needed in Managing Concessioners (GAO/RCED-91-163, Jun. 11, 1991).

Recreation Concessioners Operating on Federal Lands (GAO/T-RCED-91-16, Mar. 21, 1991).

OTHER MANAGEMENT ISSUES

Management Reform: Implementation of the National Performance Review's Recommendations (GAO/OCG-95-1, Dec. 5, 1994).

Ecosystem Management: Additional Actions Needed to Adequately Test a Promising Approach (GAO/T-RCED-94-308, Sep. 20, 1994).

Ecosystem Management: Additional Actions Needed to Adequately Test a Promising Approach (GAO/RCED-94-111, Aug. 16, 1994).

Addressing the Deficit: Budgetary Implications of Selected GAO Work (GAO/OCG-94-3, Mar. 11, 1994).

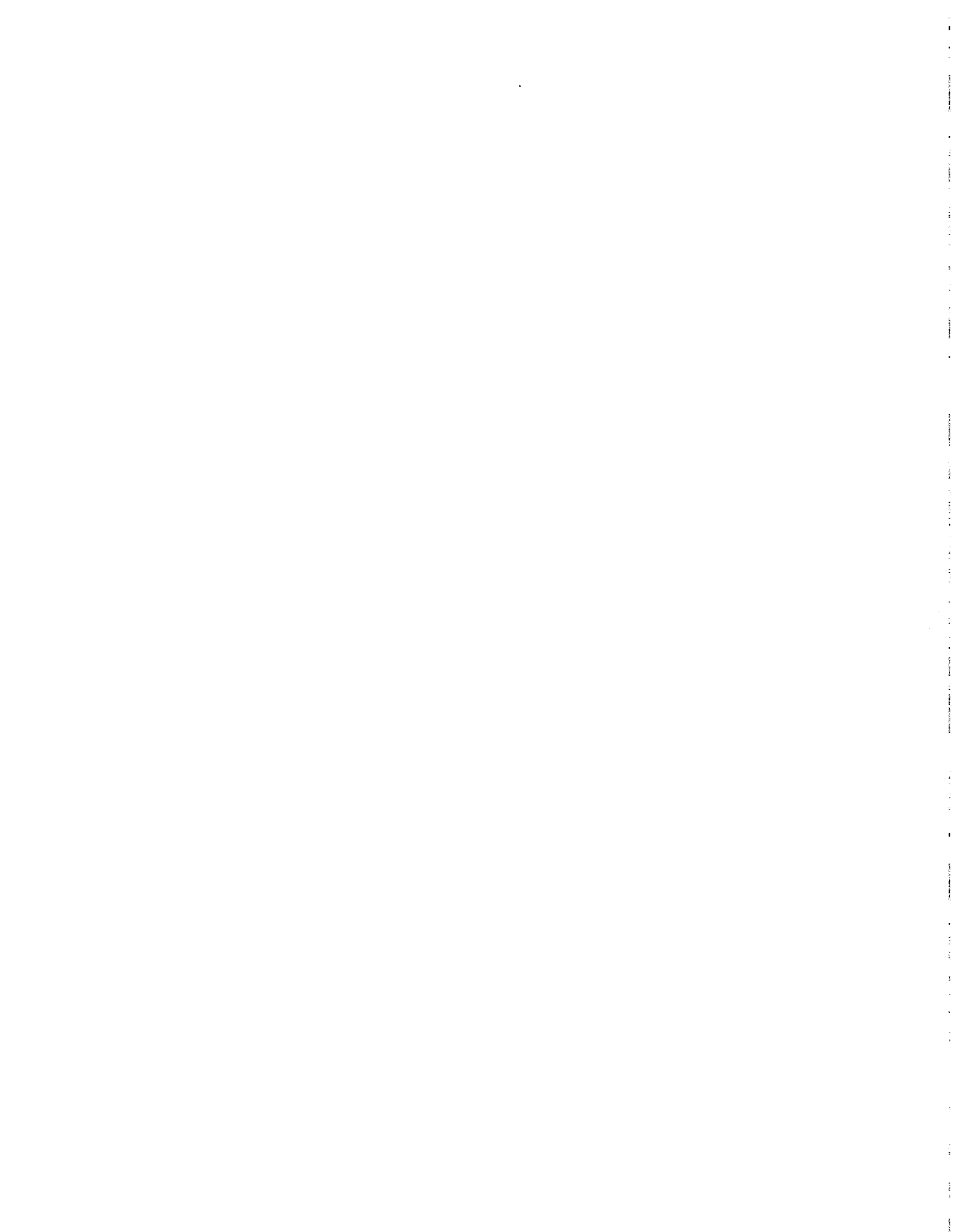
Forest Service Management: Issues to Be Considered in Developing a New Stewardship Strategy (GAO/T-RCED-94-116, Feb. 1, 1994).

Management Reform: GAO's Comments on the National Performance Review's Recommendations (GAO/OCG-94-1, Dec. 5, 1993).

Natural Resources Management: Issues to Be Considered by the Congress and the Administration (GAO/T-93-5, Feb. 2, 1993).

Natural Resources Management Issues (GAO/OCG-93-17TR, Dec. 1992).

Interior Issues (GAO/OCG-89-24TR, Nov. 1988).



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