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RECREATION FEES

Demonstration Fee Program Successful in Raising Revenues but Could Be Improved





**United States
General Accounting Office
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**Resources, Community, and
Economic Development Division**

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The Honorable Craig Thomas
Chairman, Subcommittee on Parks,
Historic Preservation, and Recreation
Committee on Energy and Natural Resources
United States Senate

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

This report responds to your request that we review the implementation by four agencies of the recreational fee demonstration program. The four agencies are the Park Service, the Forest Service, the Bureau of Land Management, and the Fish and Wildlife Service. We have reviewed the program, focusing on (1) the implementation of the program and the fee revenues generated; (2) the program's expenditures; (3) the extent to which the agencies have used innovative or coordinated approaches to fee collection; and (4) the program's effects, if any, on visitation.

As arranged with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 10 days after the date of this letter. At that time, we will send copies to the Secretaries of Agriculture and the Interior and to the heads of the Park Service, the Forest Service, the Bureau of Land Management, and the Fish and Wildlife Service. We will make copies available to others on request.

Please contact me at (202) 512-3841 if you or your staff have any questions. Major contributors to this report are listed in appendix VIII.

Barry T. Hill
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Executive Summary

Purpose

For many years, the Congress has expressed concern about the ability of federal land management agencies to provide high-quality recreational opportunities to visitors. These agencies include the Park Service, the Fish and Wildlife Service, and the Bureau of Land Management within the Department of the Interior and the Forest Service within the Department of Agriculture. The recreational fee demonstration program, authorized in 1996, allows these agencies to test new or increased fees to help address unmet needs for visitor services, repairs and maintenance, and resource management. In response to congressional requests, GAO reviewed the demonstration program, focusing on (1) the implementation of the program and the fee revenues generated; (2) the program's expenditures; (3) the extent to which the agencies have used innovative or coordinated approaches to fee collection; and (4) the program's effects, if any, on visitation.

Background

Prior to the fee demonstration program, each of the four land management agencies had collected fees from visitors for many years. The demonstration program legislation allows these agencies to experiment with new or increased fees at up to 100 demonstration sites per agency. Key congressional expectations for the program included providing more money to address unmet needs, encouraging creativity in designing and collecting fees, developing partnerships among agencies, and improving agencies' customer service. At least 80 percent of the revenues is to be spent at the site collecting the fees; the remaining 20 percent can be spent at the discretion of each agency. The program is currently authorized through fiscal year 2001, and funds from fee revenues must be spent by the end of fiscal year 2004.

Results in Brief

Among the four agencies, the pace and the approach used to implement the recreational fee demonstration program have differed. Some of the agencies had more demonstration sites operational earlier than others. This difference reflects the extent of the agencies' experiences in charging fees prior to the demonstration. Nonetheless, each agency has been successful in increasing fee revenues. As a result of the fee demonstration program, the four agencies estimated that their combined recreational fee revenues have nearly doubled from about \$93 million in fiscal year 1996—the last year before the demonstration program was implemented—to about \$179 million in fiscal year 1998. Of the four agencies, the Park Service is generating the most fee revenues. For fiscal year 1998, the Park Service estimates that its fee revenues will be about

85 percent of the total estimated revenues collected by the four agencies at demonstration sites.

Because agencies needed to spend time developing expenditure-approval procedures and setting up accounting systems, among other things, about 76 percent of the funds available under the program had not been spent through March 1998. Thus far, most expenditures have been for repairs and maintenance and the cost of fee collection. The agencies expect to make significant expenditures in the latter part of fiscal year 1998 and in fiscal year 1999. In the longer term, because some sites may have a much greater potential than others for raising revenues, the requirement that at least 80 percent of the fees be retained at the location where they were collected may lead to substantial inequities between sites. Some sites may reach the point where they have more revenues than they need for their projects, while other sites still do not have enough.

Opportunities remain for the agencies to be more innovative and cooperative in designing, setting, and collecting fees. Among the agencies, several notable examples of innovation exist at demonstration sites of the Forest Service and the Bureau of Land Management. These innovations have resulted in either more equitable pricing for the visitors, such as by setting fees based on the extent of the visitors' use of a site, or greater convenience for visitors in how they pay fees. While a third agency—the Park Service—has been innovative in making fees more convenient for visitors to pay, it has not experimented with different pricing structures to make fees more equitable. In addition, coordination of fees among agencies has been erratic. For example, at the 15 demonstration sites GAO visited, it found several opportunities where better coordination among the agencies could have resulted in, among other things, better service to the visitors by removing multiple or duplicative fees at adjacent sites.

Overall, preliminary data suggest the increased or new fees have had no major adverse effect on visitation to the fee demonstration sites. With data from just 1 year, however, it is difficult to accurately assess the fees' impact on visitation. The agencies' surveys indicate that visitors generally support the purposes of the program and the level of the fees implemented. Each agency is planning additional visitor surveys and research in 1998 and 1999. However, some groups have raised concerns about gaps in the research. For example, many completed visitor surveys do not address the impact of fees on some types of visitors, such as those with low incomes.

Principal Findings

Recreational Fee Revenues Have Increased Substantially

Since obtaining the authority to begin collecting new and increased fees, each of the agencies has taken a different approach. The agencies' approaches have largely been influenced by (1) their traditions and experiences in collecting fees, (2) the geographic characteristics of the lands they manage, and (3) a recent amendment to the law authorizing the demonstration program that increased incentives to the agencies by allowing them to retain all of the fee revenues collected. As a result of these differing approaches, the pace of implementation among the agencies has varied.

While their approaches have differed, the agencies have nonetheless been successful in increasing fee revenues. Because of the fee demonstration program, the four agencies estimated that total fee revenues nearly doubled from about \$93 million in fiscal year 1996—the last year prior to the implementation of the demonstration program—to about \$179 million in fiscal year 1998. Of the \$179 million in estimated fee revenues in fiscal year 1998, about \$160 million, or 89 percent, was generated at the agencies' fee demonstration sites.

Among the agencies, the Park Service has collected the most revenues under the program, based on estimates for fiscal year 1998, generating about 85 percent of the revenues collected by the four agencies. The principal reason the Park Service is generating so much revenue is that it manages a large number of high-revenue sites. For example, in fiscal year 1997, the Park Service managed 28 sites that each generated over \$1 million. In comparison, the Forest Service managed two such sites, and neither the Bureau of Land Management nor the Fish and Wildlife Service managed any sites with revenues above \$1 million.

Most Fee Collections Remain Unspent

About 76 percent of the revenues available for expenditure under the fee demonstration program through March 1998 had yet to be spent. This situation was due to a variety of reasons, including the time the agencies spent developing (1) financial systems and (2) internal processes for headquarters' oversight of expenditures. Overall, most of the revenues that were expended went toward repair and maintenance, the cost of fee collection, and routine operations at the respective sites. At the sites GAO visited, the agencies' expenditures appeared to be consistent with the

purposes authorized in the legislation establishing the program. Among the sites visited, the largest amount of expenditures was for the capital and operating costs of fee collection. The next largest category of expenditures was for annual operations, such as restoring visitor services at Mount St. Helens National Volcanic Monument in Washington State. Other funds were expended for backlogged repairs and maintenance and for visitor services.

For many sites—particularly those of the Park Service and the Forest Service—the increased fee revenues equals 20 percent or more of the sites' annual budgets. With this infusion of revenues, some units with maintenance backlogs will be able to address their unmet needs in relatively few years, and other units with small or nonexistent backlogs will be able to undertake further development and enhancement—assuming appropriations remain stable and the program is extended. But other sites, including those that are not in the demonstration program and those that do not generate high fee revenues, may not be able to address some high-priority needs. While it is important to maintain incentives to collect fees, this imbalance in revenues may raise questions about the desirability of the current legislative requirement that at least 80 percent of the fee revenues be expended at the sites where they are collected.

Opportunities for More Innovation and Coordination

Some agencies have missed opportunities to develop innovative fee programs—which was one of the principal goals of the authorizing legislation. While the agencies have been innovative in making it more convenient for visitors to pay fees, more can be done to experiment with the fee rates that visitors pay. Among the agencies, GAO found several notable examples of innovation that have resulted in greater convenience for visitors by increasing the number of locations where visitors can pay fees. These innovations include using machines similar to automated teller machines (ATM) outside the sites to sell entrance passes and using the Internet to sell hiking permits. In addition, two agencies—the Forest Service and the Bureau of Land Management—have experimented with different pricing structures, such as setting fees that vary on the basis of (1) the extent of use or (2) whether the visit occurred during a peak period, such as a weekend. Such pricing has resulted in greater equity to the visitors and would appear to have broader applicability in the other agencies as well. However, the Park Service has done little to experiment with different pricing structures.

GAO's site reviews found several instances in which the agencies have attempted to coordinate, resulting in multiple benefits for the public. One example was at the American Fork Canyon/Alpine Loop Recreation Area in Utah, a joint project between the Forest Service's Uinta National Forest and the Park Service's Timpanogos Cave National Monument. Timpanogos Cave is surrounded by the Uinta National Forest, and common road access enabled the agencies to charge one fee for entrance. Such coordination can reduce agencies' operating costs, strengthen resource management activities, and provide more agency personnel to assist visitors. However, other examples were noted in which coordination can still be improved. For example, Olympic National Park and Olympic National Forest in Washington State share a common border, yet backcountry visitors using trails crossing the lands of the Park Service and the Forest Service are required to pay multiple fees, which has led to confusion for visitors. GAO also found other instances in which agencies managing adjacent lands have not consolidated or eliminated multiple fees that may confuse visitors.

Visitation Appears Largely Unaffected by the Demonstration Program

Overall, visitation in fiscal year 1997 did not appear to be adversely affected by the implementation of new or increased fees, although visits did decline at a number of fee demonstration sites. For the four agencies, visitation at the demonstration sites increased overall by 5 percent, compared with 4 percent at the nondemonstration sites. Of the 206 demonstration sites, visitation increased at 120 sites, declined at 84 sites, and remained unchanged at 2 sites. However, with data from only 1 year, it is difficult to draw definitive conclusions, either about the lack of a negative effect on visitation at most sites or about whether fees had an impact at sites where visitation declined.

The agencies' research on visitors' reactions to new or increased fees shows that visitors generally support the fee demonstration program and the amount of the entrance or user fees charged. Visitors especially endorsed the retention of the fees at the sites where they were collected so that they could be used to fund the sites' needs. For example, a 1997 Park Service survey at 11 national park units showed that 83 percent of the respondents were either satisfied with the fees they paid or thought the fees were too low. All four agencies plan additional surveys of visitors in 1998 and 1999. However, some interest groups and recreation fee experts have identified some gaps in the research. For example, some of the visitor surveys will not address the impact of fees on certain groups, such as those not visiting recreation sites, backcountry users, and low-income

users. Therefore, the impact of the fee demonstration program on these groups is largely unknown.

Recommendations

GAO recommends that the Secretary of the Interior direct the heads of the Park Service and the Fish and Wildlife Service to take advantage of the time remaining under the fee demonstration authority to look for further opportunities to experiment and innovate with new and existing fees. The pricing structures used by the Forest Service, the Bureau of Land Management, and commercial recreation providers such as amusement parks, golf courses, and ski areas—all of which set fees that vary on the basis of (1) the extent of use or (2) whether the visit occurred during a peak period, such as a weekend—could provide useful models.

GAO also recommends that the Secretary of the Interior direct the heads of the Park Service, the Fish and Wildlife Service, and the Bureau of Land Management and that the Secretary of Agriculture direct the Chief of the Forest Service to improve their service to visitors by better coordinating their fee-collection activities under the recreational fee demonstration program. To address this issue, each agency should perform a review of each of its demonstration sites to identify other federal recreation areas nearby. Once identified, these locations should be reviewed to determine whether a coordinated approach, such as a reciprocal fee arrangement, would better serve the visiting public.

Matters for Congressional Consideration

As the Congress decides on the future of the fee demonstration program, it may wish to consider whether to modify the current requirement that at least 80 percent of all fee revenues remain in the units generating the revenues. Permitting some further flexibility in where fee revenues can be spent, particularly the fees from high-revenue sites, would provide greater opportunities to address the highest-priority needs of the agencies. However, any change to the 80-percent requirement would have to be balanced against the need to maintain incentives at fee-collecting units and to maintain the support of the visitors.

Agency Comments and GAO'S Evaluation

GAO provided copies of a draft of this report to the Department of Agriculture and the Department of the Interior for their review and comment. The Department of Agriculture generally agreed with the findings and recommendations in the report and stated that the report was well done and would prove quite useful in its efforts to continue the

effective implementation of the fee demonstration program. The Forest Service raised concerns about the matter for consideration on the need for flexibility in the requirement that 80 percent of the revenues be spent at the collecting units. GAO continues to believe this requirement should be considered for high-revenue sites but must be balanced against the need to maintain incentives for the fee-collecting units and to maintain the support of visitors to those sites. The Department of the Interior generally agreed with the findings in the report and indicated that the agencies within the Department are aware of the issues raised in the report and will continue to refine their recreational fee projects to ensure the best possible experience for visitors. In addition, the Department of the Interior noted that its agencies have struggled to find the right balance of innovation and simplicity in their fee structures. While the Department generally agreed with the findings of the report, agencies within the Department raised concerns about sections of it. The Park Service objected to findings about innovative fees and doubted that the recommendation to increase innovation would be feasible, as it could result in increased processing time at entrance stations, confused visitors, and complex fee schedules and could also make enforcement of fees more difficult. GAO believes, however, that because price structures could be used to better manage demand and could have potential benefits to park visitors, they warrant further testing. The Fish and Wildlife Service commented that the opportunities for off-peak pricing are limited to those sites that have sufficient numbers of visitors to create crowding during peak periods—which creates an incentive for off-peak use. GAO agrees that the opportunities to experiment may be limited to those sites where there is enough visitation to warrant off-peak pricing.

More detailed discussions of the comments from individual agencies within the departments of Agriculture and the Interior are included at the end of chapters 3 and 4. These agencies also provided clarifications on several technical points that have been included in the report as appropriate. The full text of the comments and GAO's responses are included in appendix VI for the Department of the Interior and appendix VII for the Department of Agriculture.

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Abbreviations

ATM	automated teller machine
BLM	Bureau of Land Management
GAO	General Accounting Office

Introduction

In recent years, the Congress heard and expressed concerns about the ability of federal land management agencies to provide high-quality recreational opportunities. These concerns focused on declines in visitor services, extensive needs for repairs and maintenance at the facilities and infrastructure that support recreation, and a lack of information on the condition of natural and cultural resources and the trends affecting them. In addressing these concerns, the Congress faced a dilemma: While the needs of federal recreation areas and the rate of visitation to these areas were increasing, the funding for addressing these needs and providing visitor services was growing tighter.¹ As a result, the Congress was looking for means, other than appropriations, to provide additional resources to these areas. The recreational fee demonstration program was one such means.

Authorized by the Congress in 1996 as a 3-year pilot program, the recreational fee demonstration program allows the Park Service, the Forest Service, the Bureau of Land Management (BLM), and the Fish and Wildlife Service to experiment with new or increased fees at up to 100 demonstration sites per agency.² The program aims to bring additional resources to recreation lands by generating recreational fee revenues and spending most of the fee revenues at the sites where the fees are collected to increase the quality of the visitors' experience and to enhance the protection of the sites' resources. In addition, in carrying out the program, the agencies are to (1) be creative and innovative in designing and testing the collection of fees, (2) develop partnerships with federal agencies and with state and local agencies, (3) provide higher levels of service to the public, and (4) assess the public's satisfaction with the program. The conference report on the program's original legislation requested that the Secretary of the Interior and the Secretary of Agriculture each prepare a report that evaluates the demonstration program, including recommendations for further legislation, by March 31, 1999. The program is currently authorized through fiscal year 2001. The agencies have until the end of fiscal year 2004 to spend money generated under the program.

Background

Each of the four federal land management agencies included in the program provides a variety of recreational opportunities to the visiting

¹The Budget Enforcement Act, as amended, imposes limits on discretionary spending, which includes these agencies' appropriations.

²P.L. 104-134, title III, section 315, as amended. The latest amendment, P.L. 105-277, in the Omnibus Appropriations bill for fiscal year 1999, approved October 21, 1998, extended the demonstration to September 30, 2001. The availability of funds was also extended 2 years through September 30, 2004.

public. Together, these agencies manage over 630 million acres of land—over one-quarter of the land in the United States. In 1997, they received over 1.2 billion visits. Table 1.1 provides information on the acreage, visitation, and lands managed by the four agencies.

Table 1.1: Federal Land Management Agencies' Responsibilities

Agency	Acreage	Visitors (1997)	Lands managed
Park Service	83 million	275 million	376 park units, from large natural parks to small historic sites in 49 states, the District of Columbia, American Samoa, Guam, Puerto Rico, and the Virgin Islands
Forest Service	192 million	885 million (est.)	155 national forests and 20 national grasslands in 44 states and Puerto Rico
BLM	264 million	61 million	139 resource areas in 28 states
Fish and Wildlife Service	92 million	30 million	503 national wildlife refuges, 65 national fish hatcheries, and other units in all 50 states, Puerto Rico, 3 territories, and 5 Pacific island possessions

Source: Agency data compiled by GAO.

Deteriorating Conditions Have Created a Need for Additional Financial Resources

The fee demonstration program was established to test ways to address deteriorating conditions at many federal recreation areas, particularly those managed by the Park Service, which collects the most fee revenues, and the Forest Service, which hosts the most recreational visitors. Our prior work has detailed significant needs,³ including the following:

- The federal land management agencies have accumulated a multibillion-dollar backlog of maintenance, infrastructure, and development needs.
- The quality and the scope of visitor services at federal recreation sites have been declining. Some sites have closed facilities, while others have reduced their hours of operation or are providing fewer services.
- The condition of many key natural and cultural resources in the national park system is deteriorating, and the condition of many others is not known.
- Despite annual increases in federal appropriations for operating the national park system, the financial resources available have not been sufficient to stem the deterioration of the resources, services, and recreational opportunities managed by the agency.

³See the list of related GAO products at the end of this report.

One way of addressing these needs was providing additional financial resources to these agencies through new or increased recreational fees. But while new or increased fees could have increased the federal land management agencies' revenues, generally these additional fees did not directly benefit the agencies' field units until the fee demonstration program was established.⁴ The Land and Water Conservation Act of 1965, as amended,⁵ limited the amount of revenues that could be raised through collecting recreational fees and required that the funds be deposited in a special U.S. Treasury account. The funds in the special Treasury account could only be used for certain purposes, including resource protection and maintenance activities, and only became available through congressional appropriations.⁶ These amounts were generally treated as a part of, rather than a supplement to, the agencies' regular appropriations, and were included under the spending limits imposed by the Budget Enforcement Act. In the context of the Budget Enforcement Act's limits, in order for the agencies to address deteriorating conditions at recreation areas through fee revenues, the Congress had to provide authority for the agencies to retain the fees.

In 1996, the Congress authorized the fee demonstration program to test recreational fees as a source of additional financial resources for the federal land management agencies. The Congress directed that at least 80 percent of the revenues collected under the program be spent at the units collecting the fees; the remaining 20 percent could be spent at the discretion of each agency.⁷ By allowing the local units to retain such a large percentage of the fees they collected, the Congress created a powerful incentive for unit managers to emphasize fee collections. In essence, the more revenues that field units could generate through fees, the more they would have to spend on improving conditions in the areas they managed. In addition, the program's legislative history reflected the congressional belief that allowing the local units to retain most of the revenues they collected would be likely to improve the public's

⁴However, the Emergency Wetlands Resources Act of 1986, 16 U.S.C. 3911, which authorized entrance fees for Fish and Wildlife Service refuges, did provide that 70 percent of those fees be placed into the migratory bird conservation fund for nationwide acquisition of refuge lands and that 30 percent be retained by the refuges to offset the cost of collection, operation, and maintenance.

⁵16 U.S.C. 4601-6.

⁶Under the act, the Secretaries of Agriculture and of the Interior could retain up to 15 percent of fee receipts to cover the cost of collection.

⁷For fiscal year 1997, the distribution of revenues applied only to those fee revenues that exceeded the amounts collected prior to the program. For fiscal 1998, the law was amended to permit the agencies to retain all revenues at fee demonstration sites.

acceptance of the fees. This belief was consistent with past studies of visitors to recreation areas that indicated that most visitors would support increases in fees if the fees remained at the local units.⁸

Under the legislation, the program's expenditures were to be used to increase the quality of visitors' experiences at public recreation areas and to enhance the protection of resources. Specifically, authorized expenditures were to address backlogged repair and maintenance projects; enhancements to interpretation, signage, habitats, or facilities; and resource preservation, annual operations (including fee collections), maintenance, and law enforcement relating to public use. In broad terms, these authorized expenditures cover the principal aspects of managing recreation areas on federal lands.

The legislation also provided an opportunity for the agencies to be creative and innovative in developing and testing fees by giving them the flexibility to develop a wide variety of fee proposals, including some that were nontraditional as well as others that simply increased previously existing fees. During the demonstration period, the agencies were to experiment with (1) various types of fees to determine what does and does not work and (2) various methods of collecting fees to make payment easier and more convenient for the visiting public. In addition, according to the program's legislative history, the agencies were expected to coordinate with each other, as well as with state and local recreation areas, so that visitors did not face numerous fees from several agencies in the same geographic area. Coordination among the agencies could yield better service to the public, thereby potentially improving the program's chances of success.

Agencies May Charge Several Types of Fees

Federal land management agencies have traditionally charged several types of fees to visitors, all of which may still be charged under the fee demonstration program. Most of these fees can be categorized generally as either entrance or user fees.

- Entrance fees are generally charged for short-term access to federal recreation sites. Most are charged on a per-vehicle basis, but some are charged to individuals hiking or cycling into a recreation area. The entrance fee gives the visitor access to the key features of the area. For example, visitors pay \$10 per car to enter Zion National Park in Utah; this

⁸National Opinion Survey on the National Park System, National Parks and Conservation Association (Feb. 1995), and Parks Canada Revenue Strategy, Parks Canada (Nov. 1994).

fee covers everyone in the vehicle and is good for up to a week. Another example of an entrance fee is collected within the Wasatch-Cache National Forest in Utah, where visitors to the Mirror Lake area pay an entrance fee of either \$3 per vehicle for a day or \$6 per vehicle for a week.

- Annual passes allow entrance or use of a site for the next 12 months, benefiting frequent visitors to a single recreation area, such as a park or forest. For example, instead of paying a \$10 entrance fee every time they drive into Shenandoah National Park in Virginia, frequent visitors can purchase an annual pass for \$20, which will give them unlimited access to the park during the next year. Similarly, in the White Mountain National Forest in New Hampshire, visitors can pay \$20 for an annual pass rather than pay \$5 for a daily vehicle pass.
- The Golden Eagle Passport provides unlimited entry for a year to most national parks, Fish and Wildlife Service sites where entrance fees are charged, and several Forest Service and BLM sites. Costing \$50 for the purchaser and his or her passengers in a privately owned vehicle, the passport can be economical when people are planning to visit a number of sites that charge entrance fees within a single year. While the Golden Eagle Passport covers entrance fees, it does not cover most user fees;⁹ hence, passport holders pay separately for activities such as boat launching, camping, parking, or going on an interpretive tour.
- User fees are charged for engaging in specific activities. They are generally charged to individuals or groups for activities such as boat launching, camping, parking, or going on an interpretive tour. For example, individuals pay \$3 for a guided interpretive tour of the Frederick Douglass home at the Frederick Douglass National Historic Site in Washington, D.C. Another example of a user fee is at Paria Canyon, a BLM demonstration site in Utah, where visitors pay \$5 per day for hiking or backpacking.

Individual sites may charge several types of fees for entry and other activities. For example, a demonstration site may have a \$10 entrance fee, good for 7 days, and a \$20 annual pass. In addition, visitors to the site may pay user fees for a variety of specific activities, such as backcountry hiking, camping, interpretive tours, or disposing of waste from a recreational vehicle.

⁹Another annual pass, the Federal Duck Stamp, provides entry to all Fish and Wildlife Service refuges that charge entrance fees. Officially known as the migratory bird hunting and conservation stamp, it was originally authorized in 1934 as a federal permit to hunt waterfowl. It costs \$15 per year and can be used as a hunting permit as well as an entry pass. However, by law, revenues from the Federal Duck Stamp are earmarked for acquiring wetlands. Therefore, the Federal Duck Stamp is not currently part of the fee demonstration program.

Scope and Methodology

Our review included fee demonstration sites in the Park Service, the Forest Service, BLM, and the Fish and Wildlife Service. At each of these agencies, we contacted staff from headquarters and at least two regional offices. In addition, we visited 15 judgmentally selected sites operated by the four agencies. More of the selected sites were operated by the Park Service than by any other agency because the Park Service (1) had the most sites in the program and (2) generates considerably more fee revenues than any of the other agencies. The 15 selected sites were both large and small and were located throughout the country in eight different states and the District of Columbia. Table 1.2 lists the sites, by agency.

Table 1.2: Sites Visited by GAO, by Agency

Agency/site	Location
Park Service	
Assateague Island National Seashore	Maryland
Carlsbad Caverns National Park	New Mexico
Frederick Douglass National Historic Site	Washington, D.C.
Olympic National Park	Washington State
Shenandoah National Park	Virginia
Timpanogos Cave National Monument	Utah
Zion National Park	Utah
Fish and Wildlife Service	
Bosque del Apache National Wildlife Refuge	New Mexico
Chincoteague National Wildlife Refuge	Virginia
Nisqually National Wildlife Refuge	Washington State
Forest Service	
American Fork Canyon-Alpine Loop Recreation Area, Uinta National Forest	Utah
Mount St. Helens National Volcanic Monument, Gifford Pinchot National Forest	Washington State
Roosevelt Lake, Salt and Verde Rivers Recreation Complex, Tonto National Forest	Arizona
BLM	
Red Rock Canyon National Conservation Area	Nevada
Yaquina Head Outstanding Natural Area	Oregon

We collected information on revenues, expenditures, and visitation from the headquarters offices of the four agencies and the 15 sites we visited. For each agency's revenues and expenditures, we collected actual data for fiscal year 1997 and the agency's estimates for fiscal year 1998. At each of the 15 sites, we collected more detailed information on revenues, such as

the types of fees and the methods used to collect fees. We also compared actual with planned expenditures and classified the expenditures, using the broad purposes authorized in the program's legislation.

To determine the extent to which the agencies had adopted innovative or coordinated approaches to the fee program, we used the information we collected to accomplish our first two objectives. Various agency officials, agency task forces, and officials from the industry and user groups we contacted provided comments and ideas on innovative or coordinated approaches available to the agencies—including identifying practices employed by the private sector. To prepare for our review of the implementation of the demonstration program to date, we reviewed prior fee legislation, the program's authorizing legislation, and its legislative history.

To determine what, if any, impact the fee demonstration program had on visitation, we attempted to compare data on visitation during the demonstration period with baseline information on visitation developed since 1993. Since visitation at the Park Service's sites accounted for over three-fourths of total visitation among all fee demonstrations at the four agencies, we compared trends in visitation at their demonstration sites with nondemonstration sites for the 1993-97 period. To conduct this analysis, we obtained visitation data from the Park Service's Public Use Statistics Office.

For each of the agencies, we collected anecdotal information on trends in visitation from officials at agency headquarters and at the sites we visited as well as officials from each of the affected industry and user groups we contacted. We also contacted six experts who either had conducted surveys of visitors concerning the recreational fee demonstration program or had prior experience with recreational fees on federal lands. These individuals were Dr. Deborah J. Chavez, Research Social Scientist, Pacific Southwest Research Station, U.S. Forest Service; Dr. Sam H. Ham, College of Forestry, Wildlife and Range Sciences, University of Idaho; Dr. David W. Lime, Senior Research Associate, University of Minnesota, Department of Forest Resources; Dr. Gary E. Machlis, Visiting Chief Social Scientist, Park Service; Mr. Jim Ridenour, Director, The Epply Institute for Parks and Public Lands, Department of Recreation and Park Administration, Indiana University, and former Director, National Park Service; and Dr. Alan E. Watson, Aldo Leopold Wilderness Research Institute, U.S. Department of Agriculture and Department of Interior, Missoula, Montana.

During our review, we contacted various industry and user groups that might be affected by the fee demonstration program. We spoke with these groups to obtain their views on the agencies' management of the program. We selected these groups because they (1) had participated in congressional hearings on the demonstration fee authority, (2) had been identified as affected parties by agency officials or officials from other industry or user groups, or (3) were widely known to be involved with recreation on federal lands. Table 1.3 provides the names and a brief description of each group we contacted.

Table 1.3: Industry and User Groups Contacted by GAO

Name of group	Description of group
American Recreation Coalition (ARC)	National federation of a variety of organizations, representing such recreational interests as canoeing, camping, skiing, boating, and bicycling
America Outdoors	Association of outfitters and guides
National Forest Recreation Association	Trade association of private recreational providers (e.g., marinas, campgrounds, ski areas) that operate on federal lands
National Parks Hospitality Association	Association of large concessioners that operate lodging and food service businesses, mostly in national parks
National Parks and Conservation Association	National nonprofit park advocacy organization
Northwest Interpretive Association	Nonprofit organization providing publications, interpretive exhibits, and educational programs to visitors in four northwestern states and California
Outward Bound USA	Nonprofit outfitter and guide organization operating in 25 states and escorting over 30,000 people annually onto federal recreation lands
The Mountaineers	Nonprofit outdoor recreation and conservation club
Washington Trails Association	Nonprofit organization providing educational and informational programs to preserve and enhance Washington State's trail system

In addition to contacting these industry and user groups, we reviewed the testimonies of several other affected groups that participated in congressional hearings on the fee demonstration program. These included industry groups, such as Kampgrounds of America, the Outdoor Recreation Coalition of America, and the National Tour Association, and user groups, such as the American Hiking Society, the American

Motorcyclist Association, and the Grand Canyon Private Boaters Association.

We did not independently verify the reliability of the financial or visitation data provided, nor did we trace the data to the systems from which they came. In some cases, data were not available at headquarters and could be collected only at the local site.

We conducted our review from September 1997 through November 1998 in accordance with generally accepted government auditing standards.

Fee Revenues Have Substantially Increased—Particularly in the Park Service

Among the four agencies, the pace and the approach used to implement the recreational fee demonstration program have differed. Some of the agencies had more demonstration sites operational earlier than others. This difference is a result of the agencies' experiences in charging fees prior to the demonstration. Nonetheless, there have been substantial increases in the amount of fees collected. Each agency estimated that it has generated at least 70 percent more in fee revenues than it did prior to the demonstration program, and the combined estimated revenues for the four agencies have nearly doubled since fiscal year 1996. According to estimates for fiscal year 1998, the Park Service has collected the most revenues under the program, generating about 85 percent of all the revenues collected at demonstration sites by the four agencies.

The Pace and the Approach Used to Implement the Fee Demonstration Program Have Differed

Since getting the authority to begin testing the collection of new and increased fees, each of the agencies has taken different approaches. The agencies' approaches have largely been influenced by (1) their respective traditions and experiences in collecting fees, (2) the geographic characteristics of the lands they manage, and (3) a recent amendment to the law authorizing the demonstration program that increased incentives to the agencies. As a result of these differing approaches, the pace of implementation among the agencies has varied.

Fees are not new to the four agencies in the demonstration program. Prior to the program, each of the agencies collected fees from visitors at recreation areas. However, the agencies' experiences with fees have differed. For example, prior to the demonstration, the Park Service collected entrance fees at about one-third of its park units. The Forest Service and BLM collected user fees at many of their more developed recreation areas—predominantly for camping—and the Fish and Wildlife Service charged a mix of entrance and user fees at about 65 of its sites.

Not only did their past experiences with fees differ, but the geographical characteristics of the lands they were managing also were different, making fee collection easier in some areas and more difficult in others. For example, many sites in the Park Service have only a few roads that provide access to them. With limited access, collecting fees at an entrance station is very practical. In contrast, many Forest Service, BLM, and Fish and Wildlife Service sites have multiple roads accessing areas they manage. Multiple roads make it difficult for an agency to control access to an area, thus making it difficult to charge entrance fees. As a result, most

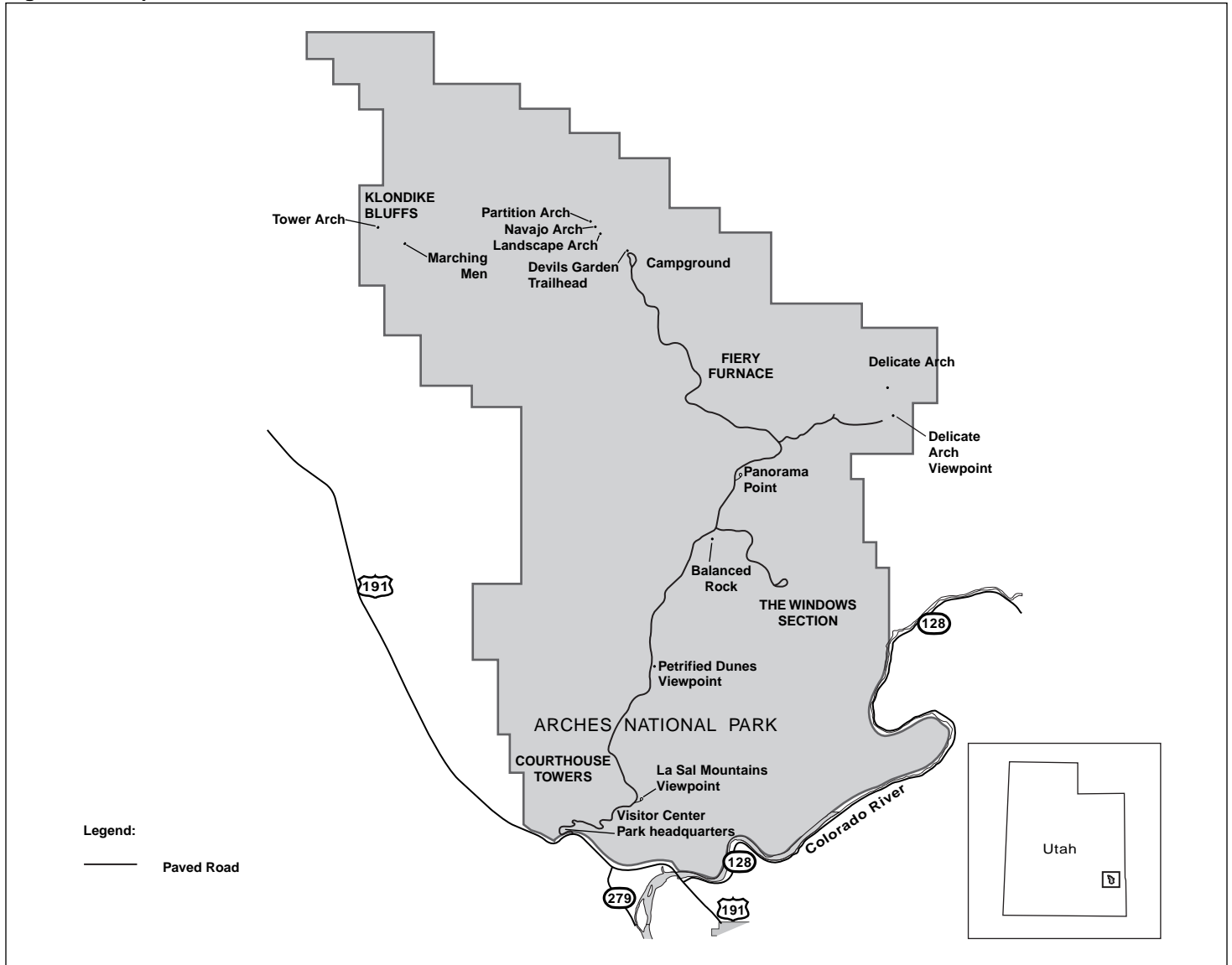
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Forest Service, BLM, and Fish and Wildlife Service sites have not charged entrance fees but instead charged user fees for specific activities.

Figures 2.1 and 2.2 further illustrate the varying characteristics of federal lands. As an example, figure 2.1 shows the relatively few access points to Arches National Park in Utah. This park has only one paved road going in and out of the park. In comparison, figure 2.2 shows the multiple access points that exist along the many roads that go through the White Mountain National Forest in New Hampshire and Maine.

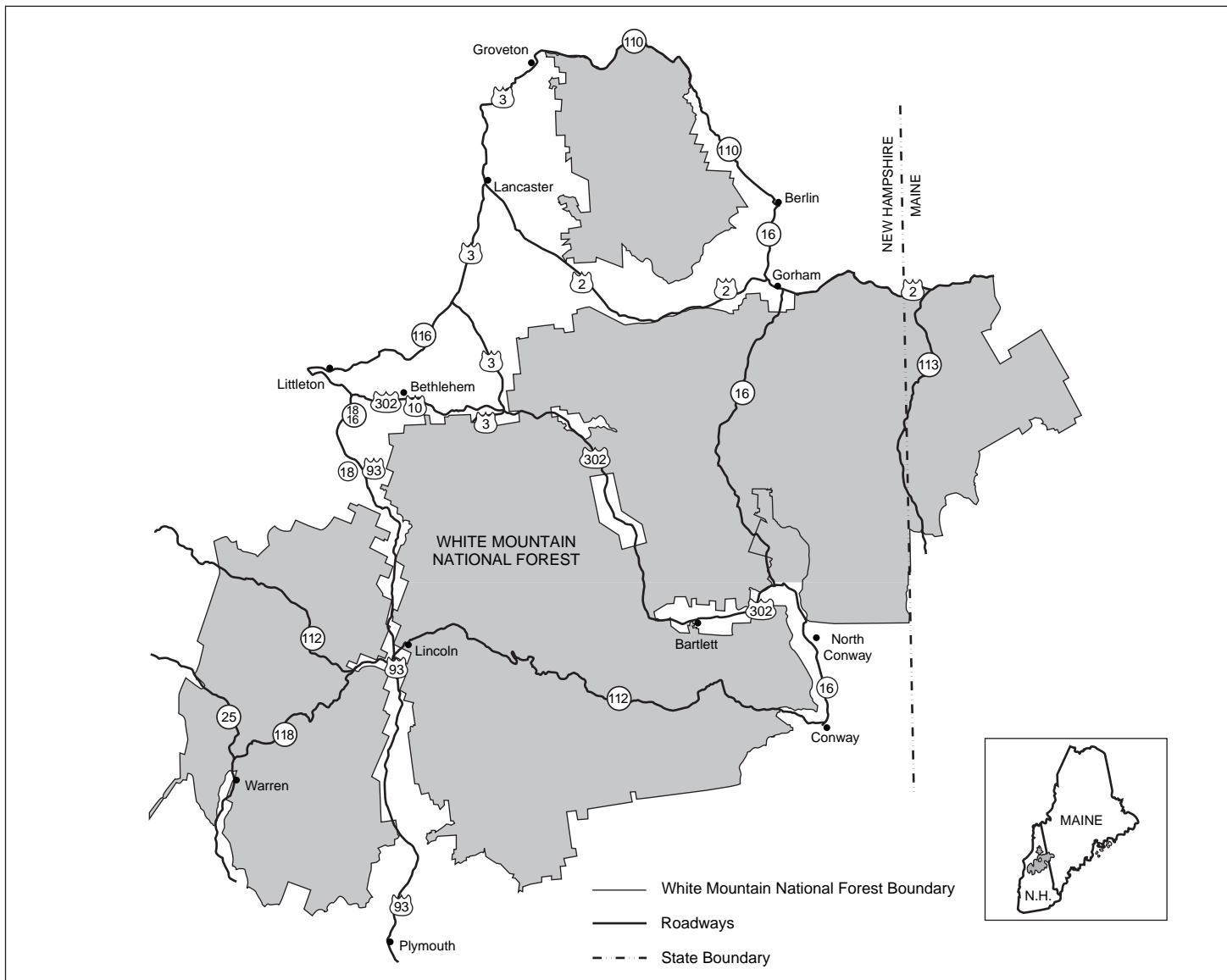
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Figure 2.1: Map of Arches National Park in Utah



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Figure 2.2: Map of White Mountain National Forest in New Hampshire and Maine



Many of the traditions in collecting fees have influenced the agencies in both their pace of implementation and the types of fees they charge. Because many sites in the Park Service previously charged entrance fees, the agency was quickly able to bring a large number of sites into the

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demonstration program by increasing the entrance fees that existed prior to the demonstration. For the Park Service, of the 96 demonstration sites¹ in the first year of the program,² 57 of them increased existing entrance fees.³ According to officials in several of the agencies, it is generally easier for the agencies to increase existing fees than to implement new fees because (1) the fee-collection infrastructure is already in place and (2) the public is already accustomed to paying a fee.

The three other agencies were collecting predominantly new fees at their demonstration sites during fiscal year 1997, the first year of the program, including all 10 of BLM's sites, 29 of 39 Forest Service sites, and 35 of 61 Fish and Wildlife Service sites. Compared with increases in existing fees, new fees are generally more difficult to implement because the agencies need to (1) develop an infrastructure for collecting fees and (2) inform the public and gain acceptance for the new fees. This infrastructure could include new facilities; new signs; new collection equipment, such as cash registers and safes; and new processes, such as implementing internal control standards for handling cash. Figures 2.3 and 2.4 show examples of new facilities that were constructed or put in place during the demonstration period to collect new fees.

¹For several of the agencies, a "demonstration site" may be made up of more than one field unit. For example, Mesa Verde National Park and Hovenweep National Monument are two separate units of the Park Service, but the agency considers them together to be one demonstration site. Similarly, the Forest Service considers the fee program operating in four national forests in southern California to be one demonstration site.

²We refer to fiscal year 1997 as the first year of the demonstration program because the overwhelming majority of sites did not become operational until after fiscal year 1996. However, late in fiscal year 1996, four Forest Service fee demonstration sites did become operational and started charging fees, bringing in a total of about \$20,000 in revenues for that year.

³The Golden Eagle Passport is sold by all four of the agencies in the demonstration program. However, for reporting purposes, the Park Service and Forest Service each consider sales of Golden Eagle Passports in parks and forests as a separate demonstration "site."

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Figure 2.3: New Entrance Station Under Construction at Red Rock Canyon—a BLM Demonstration Site in Nevada



Figure 2.4: New Fee Receptacle and Signs Installed for New Self-Service Fee at Tonto National Forest in Arizona



Through the first half of fiscal year 1998—that is, as of March 31, 1998—each of the four agencies added sites to the program. Through

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March 1998, the four agencies had 284 sites in the program, compared with 206 sites through fiscal year 1997. The Park Service added 4 sites through March 1998 and has a total of 100 sites in the program—the maximum allowed by law. Each of the other three agencies has added sites to the program, with the majority of new sites coming from BLM—the agency that had the fewest sites in fiscal year 1997. For the second half of fiscal year 1998 and fiscal year 1999, the Forest Service plans to add as many as 38 to 45 sites to the program. Officials from BLM indicated they plan to add 15 to 20 sites to the program. The Fish and Wildlife Service has added six sites during the last half of fiscal year 1998 but does not plan to add any further sites unless the demonstration program is extended beyond fiscal year 1999. Table 2.1 lists the number of fee demonstration sites, by agency, for fiscal year 1997 and through the first half of fiscal year 1998.

Table 2.1: Fee Demonstration Sites, by Agency, for Fiscal Year 1997 and Fiscal Year 1998 Through March 31, 1998

Agency	FY 1997	FY 1998	Total
Park Service	96	4	100
Fish and Wildlife Service	61	10	71
Bureau of Land Management	10	53	63
Forest Service	39	11	50
Total	206	78	284

Source: Data provided by the four agencies.

An amendment to the law authorizing the demonstration program was one of the factors contributing to the addition of sites to the program. The law originally authorized each agency to retain the fee revenues that exceeded the revenues generated prior to the demonstration. As a result, the agencies could only retain the portion of the fee revenues that were in addition to existing fees. In November 1997, the law was amended to permit the agencies to retain all fee revenues generated by demonstration sites. This amendment created additional incentives for agencies to add existing fee sites to the program because the agency could retain all of the fee revenues generated at the site.

Recreational Fee
Revenues Have
Increased
Substantially

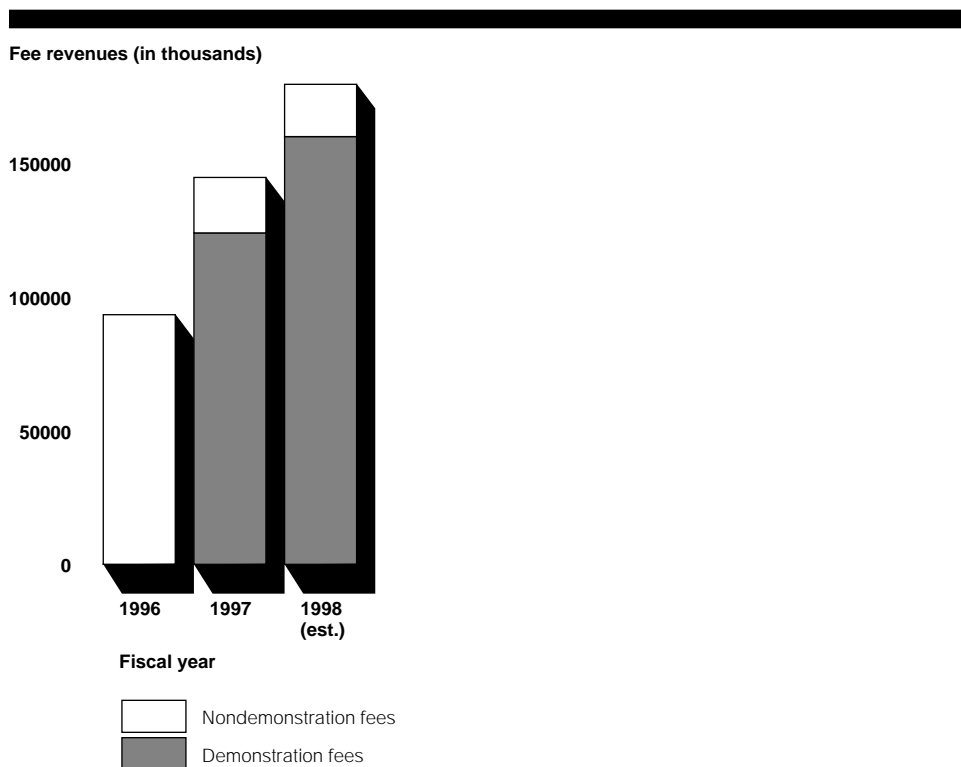
While the approach and pace of implementation have varied, the four agencies have each been successful in raising substantial new revenues through the fee demonstration program. Before the program was authorized, each of the agencies collected fees at many recreation sites. But since the implementation of the program, each of the agencies has

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estimated that it has increased its fee collections by more than 70 percent above fiscal year 1996 levels—the last year before the program began. On the basis of estimates for fiscal year 1998, the Park Service has brought in significantly more in fee revenues than the other agencies. The estimated revenues of the Park Service account for about 85 percent of the revenues generated by the four agencies at demonstration sites.

As shown in figure 2.5, as a result of the demonstration program, the four agencies have nearly doubled total combined fee collections since fiscal year 1996, according to the agencies' estimates. In addition, each of the four agencies estimated that their fees increased under the demonstration by over 70 percent above fiscal year 1996 levels. Revenues under the fee demonstration program have come from a mix of new fees and increases to fees that existed before the program was authorized.

Figure 2.5: Total Fee Revenues for the Four Agencies, Fiscal Years 1996-98



Source: Data provided by the four agencies.

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In fiscal year 1996, the last year before the demonstration program was implemented, the four agencies collected a total of about \$93.3 million in fees from visitors. In fiscal year 1997, the four agencies generated a total of about \$144.6 million in fee revenues, of which about \$123.8 million was attributed to fees at demonstration sites. For fiscal year 1998, the agencies estimate that total fee revenues will increase to about \$179.3 million, with about \$159.8 million in revenues from demonstration sites. (App. I contains information on each agency's gross fee revenues for fiscal years 1996 through 1998.) Three of the four agencies have not developed formal estimates for fiscal year 1999. The one agency with fiscal year 1999 estimates—the Park Service—predicts only modest increases in revenues since the agency has already implemented the maximum number of demonstration sites authorized under the program. However, officials at each of the other three agencies estimated that as more sites become part of the demonstration program, revenues will increase.

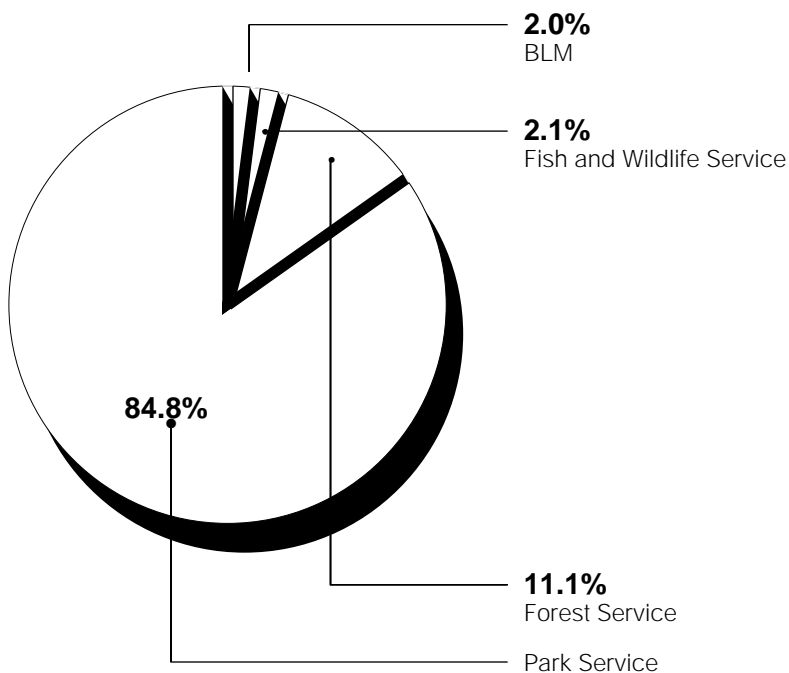
Each agency collected fees prior to the demonstration program, and as sites with existing fees were converted to demonstration sites, much of the agencies' fee revenues have now been included in the demonstration. As a result, much of the demonstration fee revenues collected in fiscal year 1997 and beyond come from sites where fees were collected prior to the demonstration.⁴

Of the four agencies, the Park Service has generated about 85 percent of the \$159.8 million in total estimated fee demonstration revenues for fiscal year 1998. The agency with the second largest revenues is the Forest Service, which estimated that it generated about 11 percent of the total fee demonstration revenues. The relative size of each agency's revenues compared with the total revenues of the four-agency program is depicted in figure 2.6.

⁴Some fees continue to be collected outside of the demonstration program—about half at Park Service sites that were not included in the 100 sites authorized under the demonstration program.

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Figure 2.6: Percentage of Total Fiscal Year 1998 Estimated Revenues for the Fee Demonstration Program, by Each Agency



Source: Data provided by the four agencies.

The substantially higher revenues of the Park Service are mostly due to the agency's large number of high-revenue sites. For fiscal year 1997, 28 Park Service sites each generated more than \$1 million in fee revenues, and 2 of these sites—the Grand Canyon and Yosemite National Parks—each generated more than \$10 million. Nearly all of these 28 sites attract high numbers of visitors and had histories of charging entrance fees prior to the demonstration program. In addition to the high-revenue sites of the Park Service, the Forest Service has two sites with revenues above \$1 million. In contrast, in fiscal year 1997, the Fish and Wildlife Service and BLM did not have any sites with revenues above \$1 million.

Spending Has Been Limited, but There Are Significant Opportunities for Addressing Needs

During the first year and a half of the recreational fee demonstration program, overall expenditures at individual demonstration sites have been limited in comparison to revenues collected. So far, only about 24 percent of the revenues collected has been expended. Most of the expenditures have gone toward repair and maintenance, the costs of collection, and routine operations at the respective sites. At the sites we visited, we found that the agencies' expenditures appeared to be consistent with the purposes authorized in the legislation establishing the program. The amount of collections varied considerably among the agencies and the individual sites within each agency, more than doubling operating budgets at some sites, while providing little revenue at others. As a result, assuming appropriations remain stable and that the program is extended beyond fiscal year 1999, many sites in the program will, in time, have sufficient revenues to address all of their needs—regardless of their relative priority within the agency. At the same time, other sites within an agency may not have enough to meet their most critical needs. Over the long term, this condition raises questions about the appropriateness of the high-revenue sites retaining 80 percent or more of their revenues as currently required by law.

The Agencies Have Used Only 24 Percent of the Funds Available

The four agencies have spent about 24 percent of the revenues available under the fee demonstration program through March 1998. Under the program's original authority, not all of the revenues generated during fiscal year 1997 were available for expenditure.¹ As a result, of the \$123.8 million generated at demonstration sites in fiscal year 1997, \$55 million was available to the agencies. For fiscal year 1998, the Congress amended the law authorizing the program to permit the agencies to retain all of the fee revenues generated under the program. As a result, the agencies have the full amount of the fee revenues generated at their demonstration sites in fiscal year 1998 available for expenditure. Through the first half of fiscal year 1998, the four agencies had generated about \$36 million in fee revenues. Thus, the total amount available to the agencies for expenditure under the demonstration program through March 1998 was about \$91 million.

On a national basis, the four agencies estimated that of the \$91 million available for expenditure through March 1998, about \$22 million had been spent. Under the demonstration program's current authorization, the

¹As discussed in chapter 1, the original authorization required that the amount of recreational fees collected before the demonstration program—known as the base year amount—be subtracted from the demonstration program collections in fiscal year 1997 and deposited into the Treasury, to be made available through appropriations.

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participating agencies have until the end of fiscal year 2004 to spend the revenues raised by the program. Table 3.1 provides information comparing the fee revenues available for expenditure with actual expenditures through March 1998 for each of the four agencies.

Table 3.1: Fee Revenues Available for Expenditure and Actual Expenditures for Four Agencies, From October 1, 1996, Through March 31, 1998

Dollars in thousands

Agency	Fee revenues available for expenditure through 3/31/98	Expenditures through 3/31/98	Percentage of revenues expended
Park Service	\$75,173	\$12,806	17
Forest Service	12,999	7,763	60
Fish and Wildlife Service	2,019	501	25
BLM	1,021	572	56
Total	\$91,212	\$21,643	24

Note: We asked all four agencies to update their data through the end of the second quarter of fiscal 1998 to provide enough lead time for their assembly of the data and our analysis of it. Some numbers for fiscal 1997 were also updated in the process.

Source: GAO's presentation of data from the four agencies.

According to the managers in the participating agencies, the reasons that only 24 percent of the revenues available have been spent included (1) the approval of the authorizing legislation occurring in mid fiscal year 1996, (2) the delays in setting up accounting systems to track collections and return the funds to the sites, (3) the time needed to set up internal processes for headquarters' approval of site expenditure plans, (4) the time needed to plan and implement expenditure projects, (5) the need to use funds during fair weather construction seasons, and (6) the fiscal year 1997 requirement for expenditures to exceed the base year amount before funds could be spent on the collecting site.

Most Expenditures Have Been for Repairs and Maintenance, the Cost of Fee Collection, and Operations

The legislation authorizing the fee demonstration program permits the agencies to fund a broad array of activities from fee revenues, including the cost of fee collection,² health and safety items, interpretation and signage, habitat enhancement, facility enhancement, resource preservation, annual operations,³ and law enforcement. The legislative history of the program further emphasized that fees were to be a new source of revenues to address backlogged repairs and maintenance. The law also states that at the discretion of agency heads, 20 percent of the fee revenues may be set aside for agencywide use for the same purposes.

Of the \$21.6 million in expenditures by the four participating agencies as of March 31, 1998, most have been for repairs and maintenance, the cost of collection, and operations.⁴ Figure 3.1 displays the relative size of three agencies' expenditures by the categories authorized by the program's legislation.

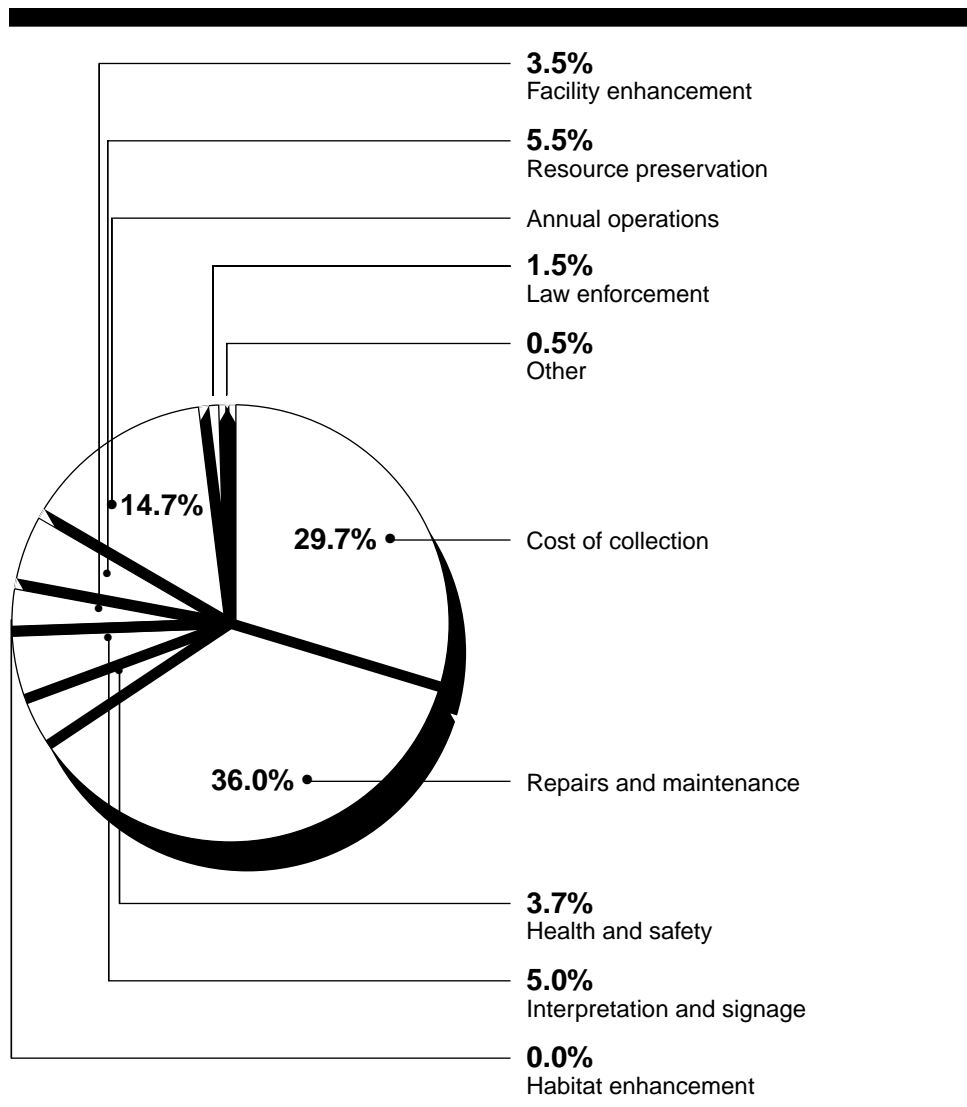
²The cost of collection consists of (1) operating expenses, such as salaries and benefits, utilities, vehicles, training, security equipment and services, communications, maintenance of collection equipment and facilities, and contracted services, such as banks and armored cars; and (2) capital costs, such as the construction of fee-collection facilities.

³The cost of keeping recreation facilities open.

⁴This is based on breakdowns available from the headquarters of each agency, with the exception of BLM, which had no breakdown of \$572,034 in total expenditures as of that date.

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Figure 3.1: Combined Categories of Expenditure at the Park Service, the Forest Service, and the Fish and Wildlife Service as of March 31, 1998



Notes: Percentages do not add to 100 because of rounding. BLM had no national breakdown of its expenditures as of March 31, 1998, available.

Source: GAO's presentation of the three agencies' data.

As of March 31, 1998, the Park Service's actual expenditures were mainly for the costs of repairs and maintenance, the cost of fee collection, resource preservation, and annual operations. Expenditures at the Forest

Service's demonstration sites were predominantly for annual operations, the cost of fee collection, repairs and maintenance, and interpretation. At the Fish and Wildlife Service's sites, the cost of collection, repairs and maintenance, health and safety, and facility enhancement were the top expenditure categories. BLM did not have a national breakdown available.

At the sites we visited, we found that the agencies' expenditures appeared to be consistent with the purposes authorized in the legislation establishing the program. The top expenditures among the 15 sites visited were for the cost of fee collection, followed by annual operations and repairs and maintenance. Agency officials said that cost of fee collection is among the top categories of expenditure because of the necessary start-up costs for the demonstration program. The program's authorization allows the agencies to spend their revenues on the actual cost of collection rather than funding the activity from other sources, such as appropriated funds. Since few expenditures had been made overall as of March 31, 1998, agency officials said the cost of collection makes up a disproportionately large part of the actual expenditures through that date.

Each of the four agencies has developed its own approach for using the fees collected through the demonstration program. Each has exercised a different amount of direction and oversight over its demonstration sites' expenditures. As a result, the agencies' priorities and criteria for spending the fee revenues, their decisions on spending the 20 percent of the revenues not required to remain with the collecting sites, and their procedures for approving projects funded with fee revenues vary considerably.

The following sections provide information about each agency's overall expenditures. More detailed information on each agency's expenditures for legislatively authorized purposes at the sites we visited appears in appendixes II through V.

Park Service Emphasizes Repair and Maintenance Expenditures

The Park Service has developed the most detailed criteria for spending fee revenues. After using the fees to cover the cost of their collection, the Park Service has given the highest priority to reducing its repair and maintenance backlog. The Park Service has required both headquarters and regional reviews of the demonstration site managers' expenditure proposals. In addition, an Interior Department-level work group, including Park Service representatives, was commissioned by the Assistant Secretary for Policy, Management, and Budget to review the proposals.

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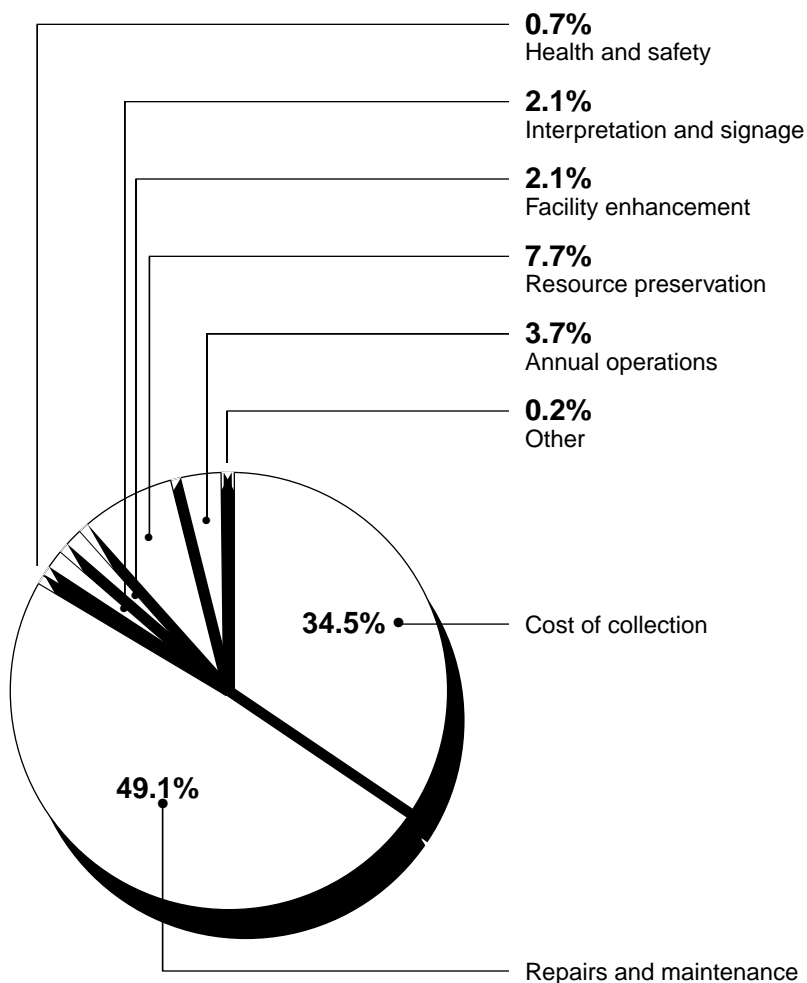
The Park Service's headquarters had intended to have regional offices approve the expenditure of fee demonstration funds but found, after reviewing region-approved projects, that some did not meet the established criteria.⁵

The Park Service is addressing its spending priorities with both the 80 percent of the fee revenues that stay at the collecting sites and with the 20 percent of the funds that are put into an agencywide account for distribution primarily to nondemonstration sites. The Park Service spent \$12.8 million on projects at its demonstration sites through March 31, 1998. This amounts to about 17 percent of its \$75.2 million in fee revenues available for park use through that date. Park Service officials said that the amount of funds expended was small because the amendment to the authorizing legislation in November 1997 made significantly more revenues available to the agencies for expenditure than they had expected to be allowed to spend. Furthermore, the Park Service recreational fee program coordinator and the Park Service comptroller's staff reported that because accounts and allocation procedures took time to establish, the first release of funds to the collecting sites for expenditure came in mid fiscal year 1997. Another factor affecting the start-up of the Park Service's expenditures under the demonstration has been the time needed for the extensive reviews of proposed projects. On a national basis, the Park Service's demonstration sites' expenditures were in the categories displayed in figure 3.2.

⁵According to the Park Service's criteria, projects should meet the agency's most critical needs, as determined through reliable inventories and assessments of conditions. In addition, projects may provide services for visitors or recreational activities in areas where new fees have been charged. Visitors should be able to see and appreciate the benefits of projects; fee revenues can be used to provide the infrastructure for collecting fees but cannot be used for existing or to hire permanent park staff (other than fee collectors), for administrative facilities, or for housing.

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Figure 3.2: Categories of Actual Expenditures by the Park Service's Demonstration Program Sites Through March 31, 1998



Note: Percentages do not add to 100 because of rounding.

Source: Park Service headquarters' data.

Forest Service's Expenditures Focus on Operations, Cost of Collection, and Repairs and Maintenance

The Forest Service permits demonstration sites to retain 95 percent of their fee collections and to use them as allowed by the program's authorizing legislation—with the remaining 5 percent to be spent at the discretion of each site's regional office. Accordingly, the Forest Service has instructed their demonstration sites to use their fee revenues for any

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of the broad purposes set forth in the legislation. At the same time, the agency has emphasized the need to use the revenues in ways that visibly benefit visitors.

Forest Service headquarters officials said the determination of the program's expenditures is driven by the project managers at the demonstration sites. The ranger districts and forests involved develop lists of projects and set priorities among them. The fee demonstration sites have typically sought public input on what projects should be done, along with meeting other requirements.⁶

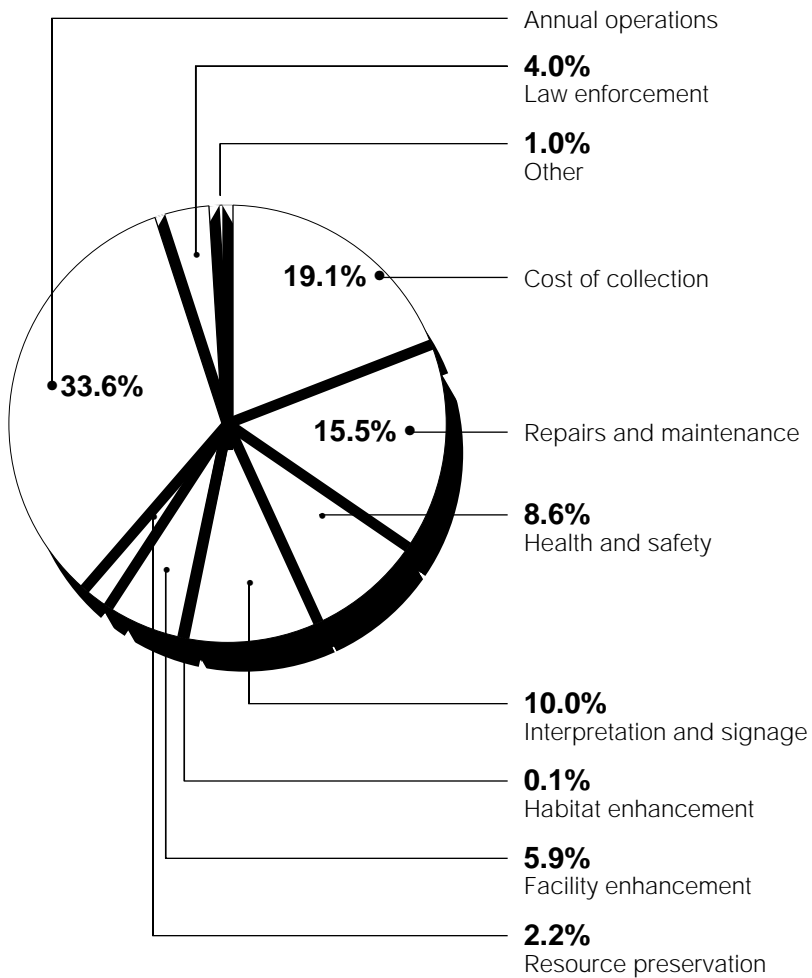
The Forest Service began to use the funds raised by the recreational fees at 40 demonstration sites in fiscal year 1997 to address the deferred maintenance backlog, visitor services, and maintenance enhancements. Of the \$13 million in demonstration fee revenues through March 31, 1998, the demonstration sites have expended \$7.8 million, or about 60 percent, according to data collected by Forest Service headquarters recreation staff. Headquarters officials noted that in fiscal year 1997, most sites had not been able to spend all the revenues they collected because fee collection started in the middle of the fiscal year, time was needed to make the fee deposits available to the sites for expenditure, and time was needed to plan and contract for the projects to be funded with fee revenues.

On a national basis, as of March 31, 1998, the Forest Service's demonstration sites have expended the greatest amount of fee revenues in the following categories: operations, the cost of fee collection, repairs and maintenance, and interpretation and signage (see fig. 3.3). Details on the expenditures at the Forest Service's sites we visited are in appendix III.

⁶Each of the Forest Service's demonstration sites selected had to meet the following minimum requirements before implementing fees: completion of a local communication plan, an initial assessment of the community's position toward the proposed fees, and a business plan framework—all approved at the Washington office; identification of the site, county, state, and congressional district; and establishment of a Treasury account to receive and disburse collections.

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Figure 3.3: Categories of Actual Expenditures by the Forest Service's Demonstration Program Sites Through March 31, 1998



Source: Forest Service data.

The Fish and Wildlife Service's Expenditures Emphasize Cost of Collection

The Fish and Wildlife Service decided to allow its demonstration sites to use their fee revenues to maintain or improve recreation opportunities and enhance visitors' experiences. Fish and Wildlife Service headquarters reviews the demonstration sites' expenditure of the funds after the fact, using the agency's overall criteria and specific guidance.⁷

The Fish and Wildlife Service has allowed its regional directors to determine where to use the 20 percent of the fee revenues that does not have to be spent at the collecting sites. This has resulted in collecting sites in four of the Fish and Wildlife Service's seven regions being permitted to retain all of the fee revenues they generate. Directors of the three other regions⁸ have decided to require that 20 percent of the fee revenues from their demonstration sites be submitted to a central account for use as seed money to initiate fee programs at other sites, for improvements to visitor services, or for backlogged maintenance projects at other sites in the region.

In the first year and a half of the program, the Fish and Wildlife Service's demonstration sites have spent about one-quarter of the fee revenues they generated. Of the \$2 million in fee revenues through March 31, 1998, the demonstration sites had expended \$500,949, or 25 percent, according to data provided by Fish and Wildlife Service headquarters staff.

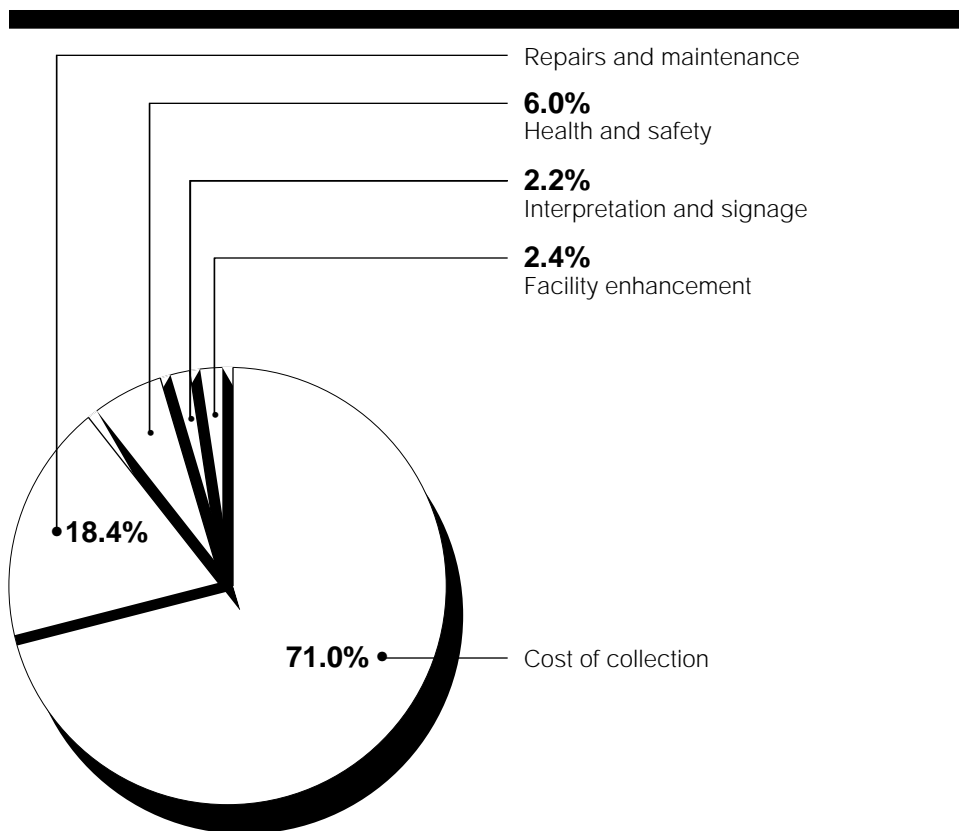
According to the Fish and Wildlife Service, of the \$500,949 spent nationally on projects during the first year and a half of the program, 71 percent was for the cost of collection, including start-up costs, with the remainder spent on repairs and maintenance, health and safety, facility enhancement, and interpretation projects (see fig. 3.4). Details on expenditures at the Fish and Wildlife Service sites we visited are included in appendix IV of this report.

⁷The Fish and Wildlife Service's guidance states that the fees collected are to be used (1) to defray the cost of collection, (2) for the operation and maintenance of the collecting unit, and (3) for the operation and maintenance of all units. The agency prohibited the use of fees for a site's base salaries and directed that fees are to be used primarily to improve the visitor's experience for which a fee has been paid. Backlogged repair and maintenance projects may be funded, with priority given to projects related to visitor services.

⁸These are Region 2 (Southwest), Region 4 (Southeast), and Region 5 (Northeast).

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Figure 3.4: Categories of Actual Expenditures by the Fish and Wildlife Service's Demonstration Program Sites Through March 31, 1998



Source: Fish and Wildlife Service data.

Breakdown of BLM Expenditures Not Available

BLM headquarters decided to allow demonstration sites to spend funds for any of the purposes in the authorizing legislation and permitted the following uses for the demonstration funds: operations, maintenance, and improvements and interpretation to enhance recreational opportunities and visitors' experiences.

Site managers and their state offices decide on expenditures but are required to report the expenditures to the public and headquarters after each fiscal year. BLM headquarters decided to allow 100 percent of the revenues to be retained at the collecting sites, rather than requiring 20 percent of it to be submitted to a central fund for distribution.

BLM's demonstration sites have expended \$572,034, or 56 percent, of the \$1.0 million in fee revenues they collected through March 31, 1998, according to data provided by BLM headquarters staff. According to BLM headquarters staff, no breakdown by category of the actual expenditures as of March 31, 1998, was available for all of the agency's sites. BLM's fee demonstration program has expanded significantly in fiscal year 1998, from 10 active sites in fiscal year 1997 to a total of 63 approved sites as of March 31. Not all 53 new sites had begun collections or expenditures as of March 31, however.

Details on expenditures at the BLM sites we visited are in appendix V.

Expenditures May Not Reflect Agencies' Greatest Needs

For many sites in the demonstration program—particularly the Park Service's sites—the increased fee revenues equal 20 percent or more of the sites' annual operating budgets. For the purposes of this report, we refer to these sites as high-revenue sites.⁹ At sites with backlogs of needs for maintenance, resource preservation and protection, and visitor services, this level of additional revenues will be sufficient to eliminate the backlogs over several years—assuming the program is extended and that existing appropriations remain stable. And, at sites with small or no backlogs, the additional revenues will support further site development and enhancement. However, the agencies selected demonstration sites not necessarily because of their extent of unmet needs for repairs, maintenance, or resource preservation, but rather because of their potential to generate fee revenues. At sites outside the demonstration program or sites that do not collect much fee revenues, the backlog of needs may remain or further development of the site may not occur. As a result, some of the agencies' highest-priority needs may not be addressed. This potential for inequity among sites raises questions about the desirability of the current legislative requirement that at least 80 percent of the fee revenues be expended at the collecting site.

Many Park Service Sites Generate High Revenues

Under the recreational fee demonstration program, 44 park units included in the Park Service's 100 demonstration sites retained fees that exceeded 20 percent of their annual operating budgets in fiscal year 1998. Of these 44 sites, 13 retained fees exceeding 50 percent of their annual operating budgets, and 4 retained fees equaling or exceeding their operating budgets.

⁹We used increases in revenues equal to 20 percent or more of sites' annual operating budgets to identify sites as high revenue because in prior work on the condition of recreation sites, we were told by site managers that small increments in their discretionary funds (those paying for needs other than salaries and expenses) have a very significant impact in addressing their critical needs.

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For example, Arches National Park expects to supplement its fiscal year 1998 operating budget of \$0.9 million with fees of \$1.4 million—an effective increase of 160 percent in funds available on site. Castillo de San Marcos National Monument is expected to retain \$1.3 million in fees, which is 110 percent of its operating budget of \$1.2 million. Bryce Canyon National Park expected to retain \$2.3 million in fees, which is 110 percent of its operating budget. Such substantial increases in the financial resources available to these sites should improve their ability to address their outstanding needs. Table 3.2 provides data on the fees retained by the 44 parks.¹⁰

Table 3.2: The Park Service's Demonstration Sites Retaining Fiscal Year 1998 Fee Revenues That Exceeded 20 Percent of Their Operating Budgets

Dollars in thousands

Park	Fiscal year 1998 estimated revenues available for park use^a	Fiscal year 1998 enacted operating budget^b	Percentage of revenues compared with budget
Muir Woods NM ^c	\$1,405	\$323	435%
Arches NP ^c	1,372	858	160
Castillo de San Marcos NM	1,285	1,165	110
Bryce Canyon NP	2,339	2,133	110
Zion NP	4,460	4,481	100
Grand Canyon NP	15,444	16,212	95
Yosemite NP	14,518	19,169	76
Devils Tower NM	492	675	73
Timpanogos Cave NM	318	524	61
Haleakala NP	1,737	2,983	58
Hawaii Volcanoes NP	2,092	3,971	53
Cabrillo NM	603	1,148	53
Carlsbad Caverns NP	2,172	4,235	51
Grand Teton NP	3,596	7,343	49
White Sands NM	492	1,014	49
Badlands NP	1,021	2,198	47
Rocky Mountain NP	3,526	8,065	44
Joshua Tree NP	1,349	3,283	41
Great Sand Dunes NM	361	881	41
Acadia NP	1,537	3,772	41
Bandelier NM	786	1,970	40

(continued)

¹⁰This analysis does not consider other funds that parks compete for internally, known as “soft money,” from such sources as repair and rehabilitation funds, the line-item construction funds, and cyclic maintenance funds.

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Dollars in thousands

Park	Fiscal year 1998 estimated revenues available for park use^a	Fiscal year 1998 enacted operating budget^b	Percentage of revenues compared with budget
Petrified Forest NP	945	2,370	40
Little Bighorn Battlefield NM	272	692	39
Glacier Bay NP and Preserve	880	2,408	37
Black Canyon of the Gunnison NM ^c	240	663	36
Perry's Victory and International Peace Memorial	216	663	33
Jefferson National Expansion Memorial	1,860	5,722	33
Shenandoah NP	2,886	8,929	32
Home of Franklin D. Roosevelt NHS ^c	457	1,430	32
Canaveral NS	600	1,943	31
Mammoth Cave NP	1,362	4,459	31
Natural Bridges NM ^c	105	353	30
Wupatki, Sunset Crater, and Walnut Canyon ^c	496	1,684	30
Padre Island NS	633	2,369	27
Mesa Verde NP	998	3,769	27
Yellowstone NP	5,473	22,421	24
Death Valley NP	1,226	5,337	23
Glacier NP	1,910	8,486	23
Aztec Ruins NM	121	539	22
Mount Rainier NP	1,815	8,146	22
Sequoia NP and Kings Canyon NP	2,322	10,458	22
Crater Lake NP	758	3,495	22
Sleeping Bear Dunes NL	564	2,722	21
Lassen Volcanic NP	625	3,039	21

(Table notes on next page)

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Legend

NHS = National Historic Site
NL = National Lakeshore
NM = National Monument
NP = National Park
NS = National Seashore

^aThe Park Service's estimates for fiscal year 1998 are based on 80 percent of park revenues and 50 percent of the Golden Eagle revenues at each park.

^bThe operating budget of the Park Service, known as ONPS, includes the annual amount allocated to a site for its basic operations and programs.

^cThis park is part of a group of jointly managed parks or a multiple unit demonstration project.

Source: Park Service data.

Of the seven Park Service sites we visited during our review, four—Zion National Park, Timpanogos Cave National Monument, Carlsbad Caverns National Park, and Shenandoah National Park—were among those with fee revenues exceeding 20 percent of their operating budgets. Except for Timpanogos Cave, each of these sites had a list of backlogged repair and maintenance needs to be addressed. Managers at each of the three sites told us that the additional fee revenues would allow them to address these needs in a relatively short time.

For example, Zion National Park officials told us that the park expected to receive so much new fee revenue in fiscal year 1998—about \$4.5 million, a doubling of its operating budget—that they might have difficulty preparing and implementing enough projects to use the available funds if a major new \$20 million alternative transportation system was not begun in the park. Without this major project, they probably would not be able to spend all of the money available to them in ways that were consistent with the demonstration program's objectives, they said. The new transportation system is being initiated to eliminate car traffic from the most popular area of the park.

Similarly, managers at Shenandoah National Park told us that the fee demonstration program revenues they expect to receive will be very useful in addressing unmet needs. The revenues expected in fiscal year 1998 of \$2.9 million is equal to about 32 percent of the park's operating budget. If the park continues to receive this level of fee revenues, the park superintendent said it should be able to eliminate its estimated \$15 million repair and maintenance backlog in relatively few years.

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Unlike Zion and Shenandoah, Timpanogos Cave National Monument in Utah is a smaller park and does not have a backlog of repair and maintenance needs. According to managers, appropriated funds have been sufficient to keep up with the monument's repairs and maintenance. Consequently, the managers plan to use the fee revenues they retain—\$318,000 in fiscal year 1998, or about 61 percent of the monument's annual operating budget—to enhance visitor services, such as by providing more cave tours.

Park Service and Interior officials have recognized that certain sites with high fee revenues and small or nonexistent backlogs of needs will have difficulty spending their new revenues for projects that meet the demonstration program's criteria. For example, the Comptroller of the Park Service said that some sites would run out of backlogged repair and maintenance needs to address with their fee revenues. In his view, an exemption from the requirement to retain 80 percent of the collected fees at the collecting sites and the authority to transfer more than 20 percent to a central fund for distribution to other sites would be among the options to consider. In addition, the Assistant Secretary of the Interior for Policy, Management, and Budget has testified that setting aside some of the fee revenues for broader agency priorities is important and has cautioned that permanent legislation giving collecting sites a high percentage of the revenues could "create undesirable inequities" within an agency. Similarly, some managers at higher-revenue sites we visited supported more flexibility in splitting revenues between high-revenue sites and other locations that have little or no fee revenues or that have large maintenance needs or both.

Some sites participating in the demonstration program and many nonparticipating sites have repair and maintenance backlogs or health and safety needs but little or no fee revenues to address them. Under the demonstration program's current 80-20 percent split of the revenues, the Park Service's park units will stand to receive very uneven shares of the program's \$136 million in estimated fee revenues for fiscal year 1998: Of the 100 fee-collecting sites (which actually includes 116 park units), the top 44 units in terms of revenues are expected to retain \$93 million, or 68 percent of the total, while the remaining collecting sites are expected to retain \$13 million, or 10 percent of the total, leaving \$30 million, or 22 percent of the total,¹¹ for 260 nonparticipating sites. These sites include heavily visited locations like the Statue of Liberty National Monument in

¹¹This amount includes the 20 percent to be distributed centrally and the 50 percent of the Golden Eagle revenues to be returned to the selling parks.

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New York and some of the less visited sites such as Hopewell Furnace National Historic Site in Pennsylvania.

**The Forest Service Also
Has Many High-Revenue
Sites**

At the other three agencies, particularly the Forest Service, there are also many sites that have as high a level of fee revenues as that realized by many of the Park Service's sites. At least 33 of the Forest Service's 39 demonstration sites operating in fiscal 1997 had fee revenues over 20 percent of their estimated operating budgets. Under the agency's policy, the demonstration sites are retaining 95 percent of the fees for their own use, and the remaining 5 percent is spent at the discretion of the sites' regional offices. As shown in table 3.3, for fiscal year 1997, of these 33 sites, 21 had fee revenues exceeding 50 percent of their operating budgets, and 8 of the sites had fee revenues equaling or exceeding their operating budgets. Data for the first half of fiscal year 1998 indicate that an even higher number of the collecting sites will generate revenues amounting to 20 percent or more of their operating budgets by year end.

**Table 3.3: Forest Service
Demonstration Sites With Fiscal Year
1997 Fee Revenues Exceeding 20
Percent of Their Operating Budgets**

Dollars in thousands			
Demonstration project/national forest/state	Fiscal year 1997 gross fee revenues	Fiscal year 1997 operating appropriation^a	Percentage of fiscal year 1997 revenues compared with budget
Chadwick Off-Highway Vehicle Area, Mark Twain, Missouri	\$46.1	\$6.5	709%
Salt and Verde Rivers Recreation Complex, Tonto, Arizona	1,603.1	575.0	279
Sawtooth National Recreation Area, Sawtooth, Idaho	46.4	18.0	258
Quake Lake Visitor Center, Gallatin, Montana	32.7	16.6	197
Fish Lake Campgrounds, Fish Lake, Utah	6.5	4.5	144
North Carolina National Forests, North Carolina	542.9	409.6	133
Mount Evans, Arapaho-Roosevelt, Colorado	112.6	90.0	125
Wenatchee, Wenatchee Washington	39.3	37.0	106

(continued)

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Dollars in thousands

Demonstration project/national forest/state	Fiscal year 1997 gross fee revenues	Fiscal year 1997 operating appropriation^a	Percentage of fiscal year 1997 revenues compared with budget
Mount St. Helens National Volcanic Monument, Gifford Pinchot, Washington	1,952.0	2,079.0	94
Verde Valley Heritage, Coconino, Arizona	14.7	16.0	92
Umpqua Heritage, Umpqua, Oregon	4.5	5.0	91
Day-Use Parking Fees, Chequamegon-Nicolet, Wisconsin	26.9	33.0	82
South Fork Snake River, Targhee, Idaho	3.9	4.5	87
Interpretive Umbrella, Multiple, ^b Colorado	106.5	125.5	85
Pack Creek, Tongass-Chatham, Alaska	38.0	45.0	84
Shasta-Trinity, Shasta-Trinity, California	140.0	169.0	83
Newberry National Volcanic Monument, Deschutes, Oregon	62.3	82.7	75
Cataract Lake Recreation Complex, White River, Colorado	13.1	23.0	57
Ozark-St. Francis, Ozark-St. Francis, Arkansas	711.9	1,300.0	55
Heather Meadows Recreation Complex, Mount Baker-Snoqualmie, Washington	43.6	80.0	55
Enterprise Forest, Multiple, California ^b	859.0	1,624.6	53
Desolation-Carson Pass, Eldorado-Inyo, California	121.0	247.5	49
North Umpqua Basin, Umpqua, Oregon	117.5	243.5	48
Hells Canyon NRA, Salmon River, Idaho	3.2	6.7	48
Trailhead Parking Permit, Multiple ^b	433.5	918.8	47

(continued)

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Dollars in thousands

Demonstration project/national forest/state	Fiscal year 1997 gross fee revenues	Fiscal year 1997 operating appropriation^a	Percentage of fiscal year 1997 revenues compared with budget
American Fork Canyon, Uinta, Utah	110.9	250.0	44
Mirror Lake Area, Wasatch-Cache, Utah	175.7	429.0	41
Mono Basin National Scenic Area, Inyo, California	87.0	220.0	40
Lake Como Recreation Complex, Bitterroot, Montana	9.4	25.6	37
Sylvania Wilderness Area, Ottawa, Michigan	30.7	93.0	33
Southeast Alaska Visitor Center, Tongass-Ketchikan, Alaska	117.9	360.8	33
Sandia Recreation Complex, Cibola, New Mexico	157.0	512.8	31
Siuslaw, Siuslaw, Oregon	321.3	1,100.0	29

^aAlthough the recreational fee demonstration sites in the Forest Service are part of larger national forests, the operating budgets used in our calculation are based on the recreation sites only and do not necessarily include all of the overhead of the national forest programs that support the sites. This differs from the Park Service, where the operating budget we used covered the entire basic annual operation of the parks.

^b"Multiple" refers to multiple forests or multiple states.

Source: Forest Service data.

The Forest Service's high-revenue sites include the Salt and Verde Rivers Recreation Complex in Tonto National Forest, Arizona, where fee collections in fiscal year 1997 were 279 percent of the fiscal year 1997 operating budget. For fiscal year 1998, the complex expects to collect \$2.5 million, or about 435 percent of its operating budget, in fees. Similarly, at Mount St. Helens National Volcanic Monument in the Gifford Pinchot National Forest in Washington, \$2 million in fees was collected in fiscal year 1997, which was 94 percent of the operating budget. For fiscal year 1998, about 102 percent of the monument's operating budget is expected

to be collected in fees.¹² A two- to four-fold increase in funds available compared with the sites' annual operating budgets amounts to a tremendous boost in available resources. While absorbing this level of additional funding for the needs of these sites is possible, the extent of sites' unmet needs was not the principal factor in selecting them for participation in the program. Under these circumstances, it is likely that other higher-priority needs within the agency will go unaddressed at sites within the national forest system that do not have a high level of revenues or that are not participating in the demonstration program. Accordingly, keeping all of the revenues at the demonstration sites that collect substantial amounts of fees may not be in the best interests of the agency as a whole.

Few of BLM's or Fish and Wildlife Service's Sites Have High Revenues

Data on the revenues and operating budgets for the Fish and Wildlife Service's and BLM's demonstration sites were more limited. As a result, we did not do analyses that were comparable to those we did on the Park Service's and Forest Service's sites. However, since visitation at the Fish and Wildlife Service's and BLM's sites is generally less than at park or forest sites, it is likely that these agencies do not have a high proportion of high-revenue sites. Among the sites we visited, one of the Fish and Wildlife Service's sites and one of BLM's sites realized fee revenues through the demonstration program that were high in relation to their operating budgets.

BLM has allowed its demonstration sites to retain 100 percent of the fee revenues they collect to address their own needs. However, it is likely that only a few sites have or will generate high levels of revenues relative to their operating budgets, according to BLM headquarters staff. We could not determine specifically how many BLM demonstration sites have or will generate fee revenues equal to 20 percent or more of their operating budgets because this information was not available at BLM headquarters and only 10 sites were operational in fiscal 1997, with 53 more approved as of March 31, 1998, that were to begin collecting fees during fiscal year 1998.

Among all of BLM's demonstration sites, the Red Rock Canyon National Conservation Area that we visited in Nevada is the highest revenue site, according to BLM staff. At Red Rock, the annual operating budget is estimated to be \$1.2 million, while estimated gross revenues from the

¹²We used the fiscal year 1997 operating budget that the Forest Service provided to make these calculations.

demonstration program for fiscal year 1998 are \$0.9 million, or 75 percent of the operating budget. Another of BLM's demonstration sites with relatively high revenues is the Lower Deschutes Wild and Scenic River in central Oregon where boater use and campsite fees generated \$326,088 in fiscal year 1997, which is 53 percent of the recreation site's annual operating budget of \$617,000.

As with BLM, data on how many of the Fish and Wildlife Service's demonstration sites are generating fee revenues amounting to 20 percent or more of their operating budgets were limited. However, agency staff have reported few sites generating revenues that might amount to 20 percent or more of their operating budgets. Of the three Fish and Wildlife Service sites we visited, only one—Chincoteague National Wildlife Refuge in Virginia—had relatively high recreational fee revenues. There, about \$300,000 was expected in fee revenues in fiscal year 1998, or about 17 percent of the refuge's annual operating budget of \$1.8 million. If this level of revenue continues, and appropriations remain stable, then managers at the refuge thought that the entire repair and maintenance backlog could be addressed with the program's revenues.

Conclusions

The fee demonstration program has created a significant new revenue source, particularly for the Park Service and the Forest Service, during a period of tight budgets. However, at high-revenue sites, there is no assurance that the needs being addressed are among those having the highest priority within an agency—raising questions about the desirability of the legislative requirement that at least 80 percent of the revenues remain at the collecting site. Using the revenues created by the fee demonstration program on projects that may not have the highest priority is inefficient and restricts the agencies from maximizing the potential benefits of the program.

While giving recreation site managers a significant financial incentive to establish and operate fee-collection programs, the current legislation may not provide the agencies with enough flexibility to address high-priority needs outside of high-revenue sites. Factors such as the benefit to visitors, the size of a site's resource and infrastructure needs, the site's fee revenues, and the most pressing needs of the agency as a whole are important to consider in deciding where to spend the funds collected. Even if the demonstration program is made permanent and all recreation sites are permitted to collect fees, inequities between sites will continue.

Matter for Congressional Consideration

As the Congress decides on the future of the fee demonstration program, it may wish to consider whether to modify the current requirement that at least 80 percent of all fee revenues remain in the units generating these revenues. Permitting some further flexibility in where fee revenues could be spent, particularly the fees from high-revenue sites, would provide greater opportunities to address the highest-priority needs of the agencies. However, any change to the 80-percent requirement would have to be balanced against the need to maintain incentives at fee-collecting units and to maintain the support of the visitors.

Agency Comments and Our Evaluation

Two agencies within the Department of the Interior raised concerns about this chapter. In general, the Park Service agreed with the findings of the report. However, the Park Service commented on the abilities of some park units to address their backlogged repair and maintenance needs through fee revenues. Specifically, the Park Service said that our portrayal of this issue paints a false picture as the report does not address backlogged resource management needs in addition to repair and maintenance needs. We disagree with the Park Service's comment on this point. We acknowledge that regardless of what happens to the repair and maintenance backlog, there may continue to be needs related to the natural and cultural resources at the parks we reviewed and at other sites. However, early in its implementation of the demonstration program, the Park Service directed its demonstration sites to focus program expenditures on addressing backlogged repair and maintenance items. Because of this Park Service emphasis, we sought to determine to what extent the new fee revenues would be able to address these items. We found that park managers at several parks indicated that they could address their existing repair and maintenance backlog in a few years (5 years or less) through these fee revenues. For example, managers of some of the parks we visited, such as Zion and Shenandoah, indicated that they could resolve their backlog of repair and maintenance needs in a few years through revenues from the demonstration program. In our view, this belief that individual park units may be able to eliminate their repair and maintenance backlog is not consistent with the Park Service's past portrayal of a large repair and maintenance backlog, especially since the backlog, and not resource needs, is the agency's stated focus for new revenues.

The Fish and Wildlife Service disagreed with what it viewed as "an inference in the draft report that the practice of retaining 80 percent of the revenues at the station where fees are collected may not be a good

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practice.” In fact, the 80-percent requirement is appropriate in some cases; however, providing the agencies with greater flexibility may enable them to better address their highest-priority needs. The matter for congressional consideration on providing additional flexibility to the agencies that we have offered is primarily directed at high-revenue sites. Furthermore, our comments on this issue are consistent with the testimony of the Assistant Secretary of the Interior for Policy, Management, and Budget who said that setting aside some of the fee revenues for broader agency priorities is important and cautioned that giving the collecting sites a high percentage of the revenues could create undesirable inequities within an agency.

The Department of Agriculture’s Forest Service agreed with our matter for congressional consideration that the 80-percent requirement be changed to permit greater flexibility. They noted that the emphasis on this point should remain on high-revenue sites and that any change to the 80-percent requirement would have to be balanced against the need to maintain incentives at fee-collecting units and to maintain the support of the visitors.

Greater Innovation and Improved Coordination Will Enhance Program Effectiveness

Each of the agencies can point to a number of success stories and positive impacts that the fee demonstration program has had so far. Among the four agencies, a number of examples exist in which a new or innovative approach to collecting fees has resulted in greater convenience for the visitors and has improved efficiency for the agency. In addition, several of the agencies have tried innovative approaches to pricing that have resulted in greater equity in fees. However, some agencies could do more in this area. For example, while the Park Service has been innovative in looking for new ways to collect fees, it has been reluctant to experiment with different pricing approaches. As a result, the agency has not taken full advantage of the opportunity presented by the demonstration program. Greater innovation, including more business-like practices like peak-period pricing, could help address visitors' and resource management needs. In addition, although the Congress envisioned that the agencies would work with one another in implementing this program, the coordination and the cooperation among the agencies have, on the whole, been erratic. More effective coordination and cooperation among the agencies would better serve visitors by making the payment of fees more convenient and equitable and, at the same time, reduce visitors' confusion about similar or multiple fees being charged at nearby or adjacent federal recreation sites.

Innovations Have Benefited Visitors, but Further Opportunities Exist

One of the key legislative objectives of the demonstration program is for the agencies to be creative and innovative in implementing their fee programs. The program offers an opportunity to try new things and to learn lessons on what worked well and what did not. Among the four agencies, numerous examples can be found of innovation in developing new methods for collecting fees. In addition, the Forest Service and BLM have also experimented with new pricing structures that have resulted in greater equity in fees. However, the Park Service and the Fish and Wildlife Service have generally maintained the traditional pricing practices they used prior to the demonstration program. Accordingly, the Park Service and the Fish and Wildlife Service can do more in this area. Furthermore, greater experimentation would better meet the objective of the demonstration program as agencies could further their understanding of ways to make fees more convenient, equitable, and potentially useful as tools to influence visitation patterns and to protect resources.

Examples of innovations in fee programs are differential pricing and vendor sales, which have been widely used by commercial recreation enterprises for many years. For instance, golf courses and ski areas

frequently charge higher prices on the weekend than they do midweek, and amusement parks often sell entrance passes through many vendors. These concepts had rarely, if ever, been part of the four agencies' fee programs prior to the demonstration.

Several Agencies Have Made Paying Fees More Convenient for Visitors

The Park Service, the Forest Service, and BLM are trying new ways of collecting fees that may prove more convenient for visitors. For example, the Park Service is now using automated fee-collecting machines at over 30 of its demonstration sites. These machines are similar to automated teller machines (ATM): Visitors can pay their fees with cash or credit cards, and the machine issues receipts showing the fees were paid. For example, the Grand Canyon National Park sells entrance passes at machines located in several areas outside the park, including in the towns of Flagstaff and Williams, Arizona, which are both along frequently used routes to the park and more than 50 miles from the park's south entrance. The park has dedicated one of the four lanes at its entrance station for visitors who have already purchased their entrance passes. Thus, visitors who use the machines outside the park can avoid lines of cars waiting to pay fees at the park's entrance station. At other demonstration sites within the Park Service, visitors can use automated fee-collection machines to pay for entrance fees, annual passes, or boat launch fees.

As part of the demonstration program, the Forest Service is looking for ways to make paying fees more convenient for the visitor and more efficient for the agency. In some instances, paying fees at a location inside a forest may not always be convenient for visitors—particularly if that location is not near where visitors enter the forest, according to a Forest Service headquarters official. Some sites have experimented with having businesses and other groups outside of the forest collect entrance and user fees from visitors before they come into the forest. The vendors of the entrance and user permits are frequently small businesses, such as gas stations, grocery stores, or fish and tackle stores, that are located near the forest. For example, 350 vendors sell passes to visitors for recreation on any of four national forests in southern California. By having vendors sell entrance and user permits, a forest can increase the number of locations where visitors can pay fees and can thereby make paying fees more convenient.

At Paria Canyon-Coyote Buttes in Arizona, one of BLM's demonstration sites, the agency is experimenting with selling hiking and camping permits via the Internet. Permits are required for overnight camping by up to a

total of 20 persons per day in the Paria Canyon area and for hiking by up to a total of 20 persons per day in the Coyote Buttes area. BLM, working in cooperation with Northern Arizona University and the Arizona Strip Interpretive Association, has developed a website that allows visitors to obtain information on the area, check on the availability of permits for future dates, make reservations, fill out and submit detailed application forms, or print out the application forms for mailing.¹ In addition, visitors can pay for permits over the Internet using credit cards, although the agency is still in the process of developing the security protocols that are needed to properly protect the transactions. Visitors can also fax credit card payments or send payments through the mail.

Innovative Pricing Is Being Tried by Some Agencies

Besides innovating and experimenting to make paying fees more convenient for visitors, two of the agencies are also experimenting with various pricing strategies at demonstration sites. Pricing strategies being tried by the Forest Service and BLM are focused on charging fees that vary based on the extent of use or on whether the visit is made during a peak period—such as a weekend—or during an off-peak period. This concept is generally referred to as differential pricing and has resulted in greater equity in pricing at the sites where it has been tried.

For example, in Utah, Uinta National Forest and Wasatch-Cache National Forest have both experimented with differential pricing. At American Fork Canyon/Alpine Loop Recreation Area, within the Uinta National Forest, the forest began charging a new entrance fee under the demonstration program of \$3 per car for a 3-day visit and \$10 for a 2-week visit. Similarly, at the Mirror Lake area within the Wasatch-Cache National Forest, visitors pay a new entrance fee of either \$3 per vehicle for a day or \$10 per vehicle for a week. Thus visitors to both the Uinta and Wasatch-Cache National Forests pay fees that vary with the extent of use. Fees that vary with use are more equitable than a single fee for all visitors regardless of use, as has been the traditional practice at many federal recreation sites.

The Forest Service and BLM have also experimented with charging fees that differ based on peak and off-peak periods. For example, at Tonto National Forest in Arizona, the entrance fees vary depending on the day of the week. The forest sells two annual passes for day use, including use of the boat launch facilities, at six lakes within the forest. One pass sells for \$90 per year and is valid 7 days a week. The other pass sells for \$60 per

¹The website can be found at <http://www.for.nau.edu/paria-permits/> and is administered by Northern Arizona University.

year and is valid only Monday through Thursday, the forest's off-peak period. Another example of peak pricing is at the Lower Deschutes Wild and Scenic River in Oregon, one of BLM's sites, where as part of the demonstration program, the agency charges a camping fee of \$10 per site per day on weekends in the summer and a \$5 per site per day fee midweek and during weekends in the off-season. By charging lower fees for off-peak use, these agencies are using fees as a management tool to encourage greater use when sites have fewer visitors. This practice can help to mitigate the impact of users on resources during what would normally be the sites' busiest periods.

**Opportunities Remain for
More Innovation—
Particularly in the Park
Service**

While the Park Service has tried new methods for collecting fees, opportunities remain for the agency to further the goals of the demonstration program by being more innovative and experimental in its pricing strategies. While the agency certainly does not need to retool its program or use differential pricing arrangements at each of its sites, the Park Service could build on what it has already done. Specifically, it could look for ways, where appropriate, to provide greater equity in fees to give visitors incentives to use parks during less busy periods, thus reducing demand on park facilities and resources during the busiest times.

Because of the large numbers of visitors and the large amount of fee revenues generated, the Park Service has an opportunity to improve its pricing strategies. For the types of areas managed by the Park Service, entrance fees have worked well for the agency and are convenient for most visitors to pay. However, visitors to units of the national park system having entrance fees (about one-third of the 376 units) generally pay the same fee whether they are visiting during a peak period, such as a weekend in the summer, or an off-peak period, such as midweek during the winter, and whether they are staying for several hours or several days. A more innovative fee system would make fees more equitable for visitors and may change visitation patterns somewhat to enhance economic efficiency and reduce overcrowding and its effects on parks' resources.

For example, managers at several of the parks we visited, including Assateague Island National Seashore and Shenandoah National Park, discussed how during peak visitation periods, such as summer weekends, long lines of cars frequently form at entrance stations, with visitors waiting to pay the fee to enter the parks. The lines are an inconvenience to the visitors and the emissions from idling cars could affect the sites' resources. By experimenting with pricing structures that have higher fees

for peak periods and lower fees for off-peak periods, sites might be able to shift more visitation away from high-use periods. Our past work has found that increased visitation has eroded many parks' ability to keep up with visitors' and resource needs.² Innovative pricing structures that result in less crowding in popular areas would also improve the recreational experience of many park visitors. Furthermore, according to the four agencies, reducing visitation during peak periods can lower the costs of operating recreation sites by reducing (1) the staff needed to operate a site, (2) the size of facilities, (3) the need for maintenance and future capital investments, and (4) the extent of damage to a site's resources. As we already pointed out, the private sector uses such pricing strategies as a matter of routine—including when the private sector operates within parks. The private sector concessioner that operates the lodging facilities in Yosemite National Park in California, for example, employs peak pricing practices. Lodging rates are higher during the peak summer months and lower during the months when the park attracts fewer visitors.

Furthermore, most parks with entrance fees charge the same fee regardless of the extent of use. For example, Zion and Olympic National Parks both charge an entrance fee of \$10 per vehicle for a visit of up to 1 week. This fee is the same whether visitors are enjoying these areas for several hours, a day, several days, or the full week. This one-size-fits-all approach is convenient for the agency but may not be equitable or efficient because visitors staying longer enjoy more benefits from a site.

At one park, the lack of an alternative to the 7-day entrance fee has contributed to the formation of a "black market" in entrance passes. According to recent media reports, some visitors to Yellowstone National Park are reselling their \$20 1-week entrance passes—after staying only a few days or less at the park—to other visitors planning to enter the park. Since the passes are valid for 7 days, a family could sell its pass to another carload of park visitors for perhaps half price and reduce the cost of visiting the park for both parties. Even though the entrance pass is nontransferable and selling a pass is illegal and subject to a \$100 fine, the park does not have an estimate of the extent of the situation. The park has not experimented with an entrance fee for visits of less than 7 days, a pricing option that would be likely to address the illegal resale of passes.

Park Service headquarters officials indicated that the agency had not tried differential pricing at demonstration sites because, in their view, it

²See National Parks: Difficult Choices Need to Be Made About the Future of the Parks (GAO/RCED-95-238, Aug. 30, 1995).

(1) would be difficult to conduct sufficient enforcement activities to ensure compliance, (2) would increase the costs of fee collection, and (3) may result in a decrease in fee revenues. While we acknowledge that it may be simpler to charge only one rate to visitors at demonstration sites, the agencies that are currently using differential pricing—the Forest Service and BLM—have been able to address the concerns raised by the Park Service. Given the potential benefits of differential pricing to both the agency and the visitors, an opportunity exists for the Park Service to experiment with such pricing at a small sample of demonstration sites.

Cooperation and Coordination Among the Agencies Could Be Improved

The four agencies have implemented a number of multiple-agency fee demonstration projects. Although these efforts are few in comparison to the more than 200 fee projects that have begun so far, they demonstrate that multiple agencies with somewhat varying missions can form successful partnerships when conditions, such as geographical proximity, present the opportunity. While we found several examples of successful, multiple-agency fee demonstration projects, more could be done. At several of the sites we visited, opportunities existed for improving the cooperation and coordination among the agencies that would increase the quality of service provided to visitors.

Successful Cross-Agency Fee Projects Are Under Way

The legislative history of the fee demonstration program includes an emphasis on the participating agencies' working together to minimize or eliminate confusion for visitors where multiple fees could be charged by recreation sites in the same area. There are several areas that are now working together to accomplish this goal.

For example, a joint project was developed in 1997 at the American Fork Canyon/Alpine Loop Recreation Area in Utah between the Forest Service's Uinta National Forest and the Park Service's Timpanogos Cave National Monument. The monument is surrounded by Forest Service land, and the same roads provide access to both areas. Because of this configuration, the agencies generally share the same visitors and charge one fee for entrance to both areas.³ The sites also have similar public service and resource management goals. Fee-collection responsibilities are shared between the two agencies, and expenditures are decided upon by representatives from both agencies as well as from two other partners in the project—the State of Utah Department of Transportation and the county government. Figure 4.1 shows the partnership's entrance station

³A separate user fee is charged for a guided tour of Timpanogos Cave.

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for the area. Since 1997, fee revenues from the project have paid for the rehabilitation of several bridges in popular picnic areas (see fig. 4.2). Future fee revenues will fund the staffing and maintenance of entrance stations where fees are collected; the repair and maintenance of camping areas, trails, and parking areas; additional law enforcement services; and resource management projects.

Figure 4.1: Joint Entrance Station at American Fork Canyon, Uinta National Forest, Utah



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Figure 4.2: Bridge Rehabilitation in Popular Picnic Area at American Fork Canyon, Utah



Agencies—federal and nonfederal—have worked together to improve visitor services and reduce visitor confusion as part of the fee demonstration program in other areas as well. Examples include (1) the Tent Rocks area in northern New Mexico (BLM and an Indian reservation); (2) recreation sites along the South Fork of the Snake River in Idaho (the Forest Service, BLM, state agencies, and county governments); (3) recreation sites in the Paria Canyon-Coyote Buttes area in Arizona (BLM, the Arizona Strip Interpretive Association, and Northern Arizona University); (4) the Pack Creek bear-viewing area in the southeast Alaska (the Forest Service and the Alaska Department of Fish and Game); and (5) the proposed Oregon Coastal Access Pass (the Park Service, BLM, the Forest Service, and Oregon state parks).

Through the partnership at the Tent Rocks area in north-central New Mexico between Albuquerque and Sante Fe, visitors get access to a unique geological area that BLM administers via a 3-mile access road across Pueblo de Cochiti, an Indian reservation. BLM's site, known as the Tent Rocks Area of Critical Environmental Concern and National Recreation Trail, features large, tent-shaped rocks that hug steep canyon walls. The area is surrounded by two Indian reservations.

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The only access road for vehicles to Tent Rocks crosses land owned by Pueblo de Cochiti. In 1998, a cooperative partnership agreement gave visitors access to Tent Rocks, while specifying prohibited activities to preserve the tranquility of the pueblo community. The agreement also specifies resource preservation measures to protect the Tent Rocks area. Annually, Tent Rocks is visited by about 100,000 people. Under the terms of the agreement, BLM is responsible for collecting fees and shares \$1 of the \$5 vehicle fee with Pueblo de Cochiti. The pueblo provides interpretive talks, trash pickup, and road maintenance. As of July 1998, this interorganizational demonstration project was working satisfactorily, according to BLM officials.

The Oregon Coastal Access Pass has been proposed for visitors to enter several adjacent federal and state recreation sites, each of which now charges a separate entrance fee. These include the Park Service's Fort Clatsop National Memorial, BLM's Yaquina Head Outstanding Natural Area, the Forest Service's Oregon Dunes National Recreation Area, and the state of Oregon's Department of Parks and Recreation. All of these sites currently charge separate fees, ranging from several dollars per person to over \$10.

For a number of years, visitors to these sites have commented on the lack of government coordination over the numerous entrance and user fees these facilities charge. During the last 2 years, representatives from the federal and state agencies involved have held meetings to develop an Oregon Coastal Access Pass, which would be good for entrance and use at all participating federal and state sites along the Oregon coast. According to a Forest Service official, two issues need to be resolved before implementing the pass: (1) the estimation of the revenues from each of the facilities to determine the amount of anticipated revenues to be shared and (2) the development of an agreement on an equitable formula to share fee revenues among the federal and state sites. The pass could be implemented in 1999, according to a Forest Service official participating on this project.

**Opportunities for More
Interagency Coordination
Exist**

While some progress is being made to increase coordination among agencies, our work shows that there are still opportunities for improvement that would benefit both the federal government and visitors. Further coordination among the agencies participating in the fee demonstration program could reduce confusion for the visitors as well as increase the revenues available for maintenance, infrastructure repairs, or

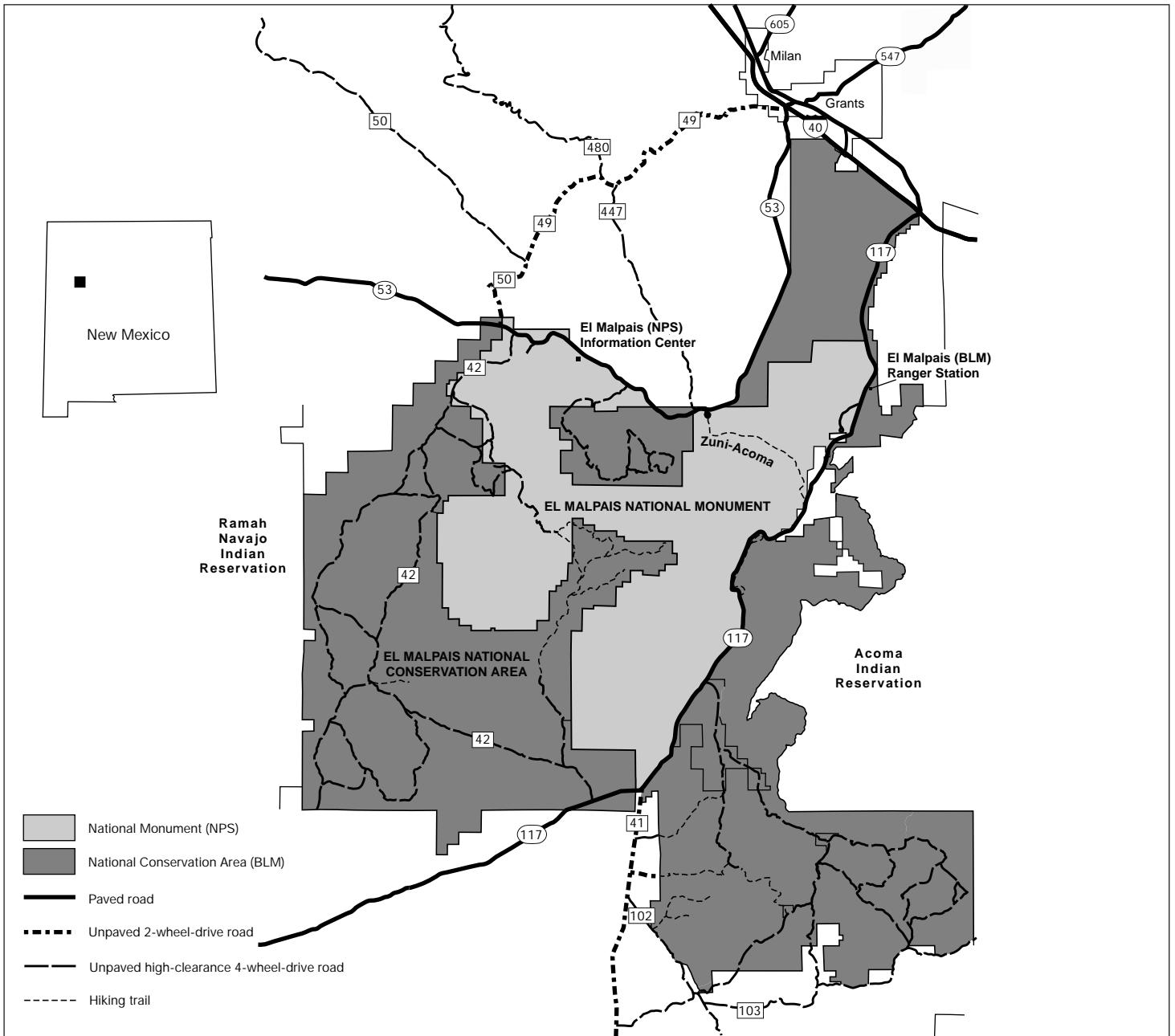
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visitor services. Even at the few participating sites we visited, we identified three areas where better interagency coordination would provide improved services and other benefits to the visiting public, while at the same time generating increased fee revenues.

For example, in New Mexico, BLM administers a 263,000-acre parcel called El Malpais National Conservation Area. Within the BLM boundaries of this site is the El Malpais National Monument created in 1987 and managed by the Park Service (see fig. 4.3). Adjoining several sides of the agencies' lands are two Indian reservations. Interstate, state, and county roads cross and border the BLM and Park Service lands. Presently, neither parcel has an entrance or user fee.

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Figure 4.3: Map of El Malpais National Monument and El Malpais National Conservation Area



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In 1997, as part of the fee demonstration program, BLM proposed a \$3 daily fee to the site. According to a BLM official, the proposed demonstration site was to be managed as a joint fee demonstration project with the Park Service, with the fee applicable to both areas. According to BLM, a demonstration project would not only increase revenues to pay for work needed at the site but also increase the presence of agencies' officials at the site, which would help deter vandalism and other resource-related crimes. Because it is difficult for visitors to distinguish between the two sites, a unified and coordinated approach to fee collection made good management sense and would avoid confusion among fee-paying visitors to the sites.

The surrounding communities endorsed BLM's proposal, but Park Service officials at the site did not. They told us that they believed that there would be low compliance with any fee requirements because of the multiple access roads to the site, that potentially delicate situations would arise with Native Americans using the land for ceremonial purposes, and that theft and vandalism would increase because of the proposed project's unstaffed fee-collection tubes. A local BLM official, however, said that the site could generate significant revenues (over \$100,000 annually), that fee exemption cards could be developed for Native Americans using the land for traditional purposes, and that past experience in the southwest has not shown extensive damage to unstaffed fee-collection devices like those proposed for use at this site. As a result of the differing views between BLM and Park Service officials at this site, no coordinated approach has been developed. However, our work at the site indicated that experimenting with a new fee at the location would be entirely consistent with the objective of the demonstration program. As of August 1998, neither agency had documented its analysis of the situation, and BLM was considering deleting the site as a potential fee demonstration project.

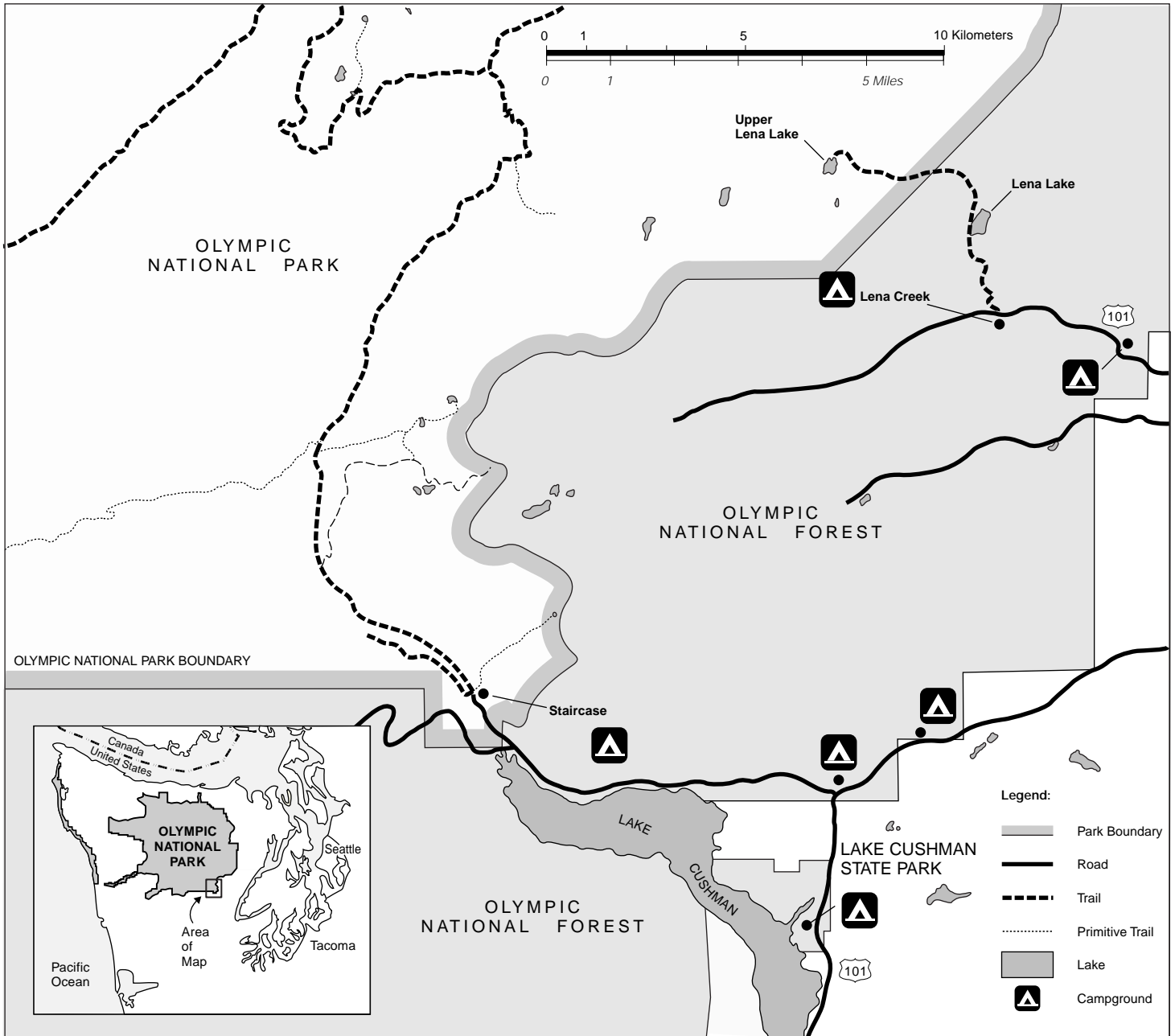
In the state of Washington, we found another opportunity for interagency coordination. Olympic National Park and the Olympic National Forest share a common border for hundreds of miles and are both frequently used by backcountry hikers. For backcountry use, hikers are subject to two separate fees at Olympic National Park—a \$5 backcountry hiking permit and a \$2 per night fee for overnight stays in the park. In contrast, Olympic National Forest does not have an entry fee, a backcountry permit fee, or any overnight fee in areas that are not specifically designated as campsites. However, the forest does have a trailhead parking fee of \$3 per day per vehicle or \$25 annually per vehicle. As a result, backcountry users who hike trails that cross back and forth over each agency's lands are

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faced with multiple and confusing fees. Figure 4.4 shows an example of a backcountry hike from Lena Creek (Olympic National Forest land) to Upper Lena Lake (Olympic National Park land)—14 miles round-trip—where backcountry users would face such multiple fees. Table 4.1 lists the fees involved for the hike.

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Figure 4.4: Hiking Trails Using Olympic National Park and Olympic National Forest



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Table 4.1: Fees for Two Adults Taking a 3-Day, 2-Night Hike From Lena Creek in Olympic National Forest to Upper Lena Lake in Olympic National Park

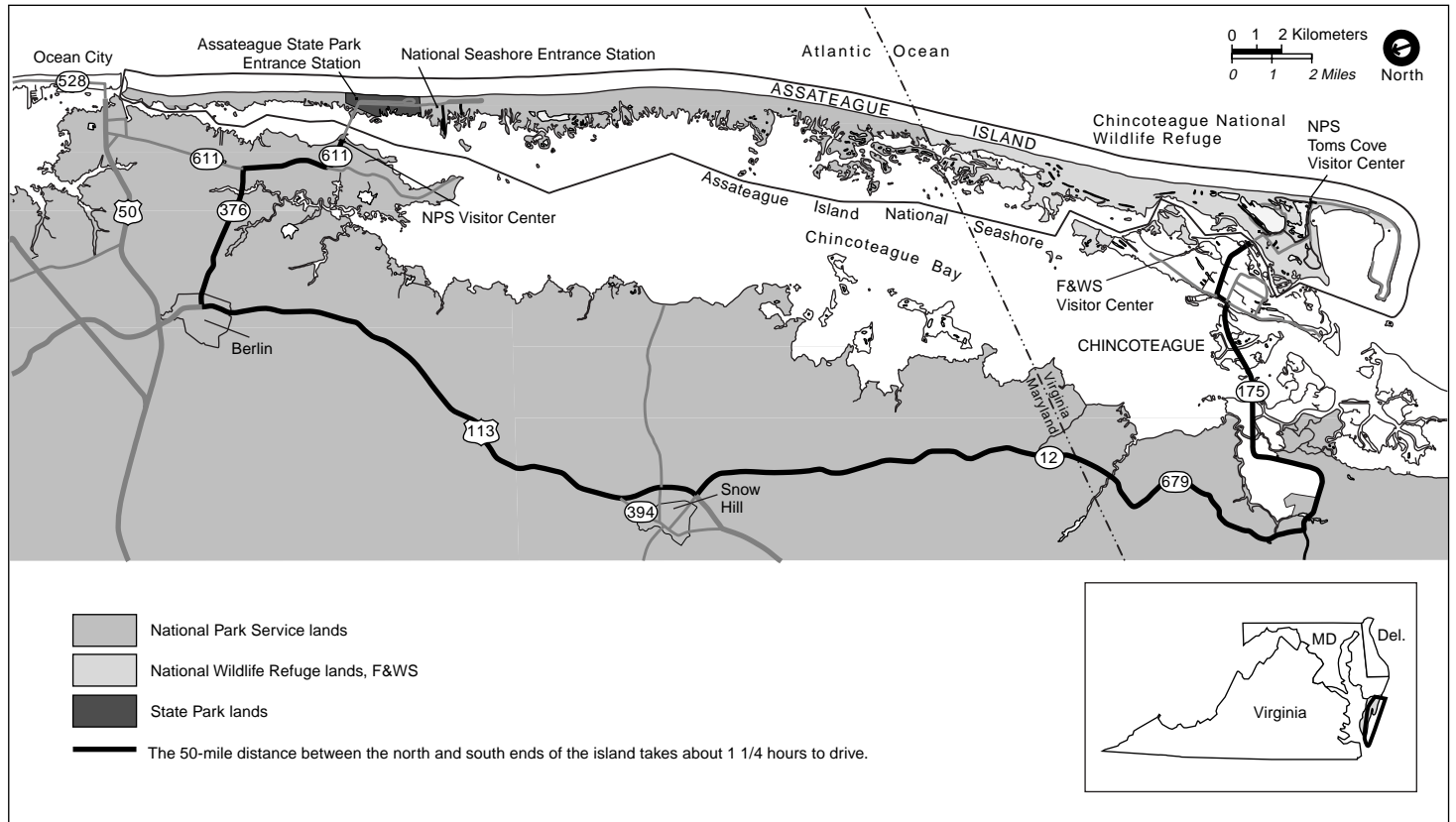
	Fee
Olympic National Park	
Wilderness permit	\$5
Backcountry fee, \$4 per night for 2 nights	8
Olympic National Forest	
Parking fee, \$3 per day for 3 days	9
Total	\$22

We discussed this situation with on-site managers from both agencies. They agreed that they should better coordinate their respective fees to reduce the confusion and multiplicity of fees for backcountry users. However, so far, neither agency has taken the initiative to make this happen. At the time of our review, no one at the departmental or agency headquarters level routinely got involved in these kinds of decisions. Instead, the decisions were left to the discretion of the site managers.

A third example of where greater coordination and cooperation would lead to operational efficiencies and less visitor confusion is in Virginia and Maryland at the Chincoteague National Wildlife Refuge, administered by the Fish and Wildlife Service, and the Assateague Island National Seashore, administered by the Park Service. Although the sites adjoin each other on the same island (see fig. 4.5), they are not a joint project in the fee demonstration program—each site is a separate fee demonstration project.

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Figure 4.5: Assateague Island National Seashore and Chincoteague National Wildlife Refuge



During our review, we found many similarities between these two sites that offer the possibility of testing a single entrance fee for both sites. Both sites charge a daily entrance fee (\$5 per vehicle), cooperate on law enforcement matters, and run a joint permit program for off-road vehicles. In 1997, according to Park Service officials, the two agencies together issued 5,000 annual off-road vehicle permits at \$60 each. By agreement between the two agencies, the permit revenues are shared, with one-third going to the refuge and two-thirds going to the Park Service. The Park Service already provides staff to operate and maintain a ranger station and bathing facilities on refuge land.

Despite these overlapping programs and similarities, the units still maintain separate, nonreciprocal entrance fee programs. This situation is continuing even though officials at the refuge told us that visitors are

sometimes confused by separate agencies managing adjoining lands without any reciprocity of entrance fees. For example, during a 7-day period in July 1998, refuge officials counted 71 of 4,431 visitor vehicles as wishing to use their vehicle entrance passes for Assateague to gain admittance to Chincoteague. Similarly, during the 7-day period of July 31 through August 6, 1998, Assateague officials counted 40 of 4,056 visitor vehicles as presenting Chincoteague entrance passes to gain admittance to Assateague. In both instances, visitors needed explanations about the entrance fee policies and practices of the two sites. Refuge and seashore officials have discussed this issue, but the matter remains unresolved.

Conclusion

While there are many notable examples of innovation and experimentation in setting and collecting fees at demonstration sites, further opportunities remain in this area. Innovation and experimentation were one of the objectives under the demonstration program's authority and could result in fees that are more equitable, efficient, and convenient and could also work toward helping the agencies accomplish their resource management goals. Congressional interest in encouraging more interagency coordination and cooperation was focused not only on seeking additional revenues but also on developing ways to lessen the burden of multiple, similar fees being paid by visitors to adjoining or nearby recreation sites offering similar activities. Successful experiences with interagency coordination and cooperation have produced noteworthy benefits to the agencies and to visitors. Additional coordination and cooperation efforts should be tested at other locations to get a better understanding of the full impact and potential of the program.

Recommendations

We recommend that the Secretary of the Interior require that the heads of the Park Service and the Fish and Wildlife Service take advantage of the remaining time under the fee demonstration authority to look for opportunities to experiment with peak-period pricing and with fees that vary with the length of stay or extent of use at individual sites.

We also recommend that the Secretaries of the Interior and Agriculture direct the heads of the participating agencies to improve their services to visitors by better coordinating their fee-collection activities under the recreational fee demonstration program. To address this issue, each agency should perform a review of each of its demonstration sites to identify other federal recreation areas that are nearby. Once identified, each situation should be reviewed to determine whether a coordinated

approach, such as a reciprocal fee arrangement, would better serve the visiting public.

Agency Comments and Our Evaluation

Two agencies within the Department of the Interior commented on this chapter. The Park Service raised concerns about experimenting with differential or peak-period pricing. The agency said that experimenting with fees could result in complex fee schedules, increased processing times at entrance stations, confused visitors, and more difficult enforcement. In addition, the agency took exception to the draft report's comparisons to the differential pricing practices used at amusement parks, golf courses, and ski areas, noting that the agency's purpose is different from the purposes of such operations. However, we disagree that these concerns are reasons not to implement different pricing policies at some parks. We recognize that the Park Service's current fee schedule has been successful but question whether the agency has responded sufficiently to one of the intents of the recreational fee demonstration program: that agencies experiment with innovative pricing structures. If done well, experimenting with differential pricing at Park Service demonstration sites need not result in complex fee schedules, delays at entrance stations, confused visitors, or significant increases to the cost of collection. It is in this context, that we provided the examples of golf courses, amusement parks, and ski areas—recreation activities that routinely use differential pricing to which the public is already accustomed. In many cases, these fee systems are equitable, easily understood by the public, and do not cause delay or confusion.

Furthermore, the Park Service comments on this point are not consistent with the January 1998 report to the Congress on the status of the fee demonstration program, which was jointly prepared by the Park Service, the Forest Service, BLM, and the Fish and Wildlife Service and transmitted by the Undersecretary of the Department of Agriculture and an Assistant Secretary of the Department of the Interior. In that report, the four agencies noted that among the lessons learned up to that point was that differential pricing could be used to maximize resource protection or to minimize infrastructure investment. The report states that "higher fees on weekends, summer months, or other [periods of] traditionally-high recreation use, might reduce the peak loads on resources and facilities Reductions in peak loads can directly reduce the cost to taxpayers associated with operating the recreation sites, providing services to these sites, and any attendant damage to the resource."

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The Park Service also raised concerns about the draft report's discussion of the potential for a joint fee demonstration site between the Park Service and BLM at El Malpais National Monument and El Malpais National Conservation Area. (BLM did not comment on this point.) The Park Service said that (1) a cost-benefit analysis showed it was not worth collecting fees and (2) collecting fees would affect the use of the area by five neighboring Native American tribes. It was clear from our work that there was disagreement among Park Service and BLM officials over whether El Malpais was a suitable site for inclusion in the demonstration program and that this disagreement continues. The boundaries of the agencies' land make it unlikely that the project could succeed without a joint effort. We disagree with the Park Service's concerns raised on this point and question their accuracy since the analysis showing that fee revenues would be low, referred to in the Park Service's comments, has not been completed. We obtained a draft of that analysis which, according to Park Service staff at El Malpais National Monument, was the most recent analysis available as of October 15, 1998. The draft analysis contains no information on anticipated costs or revenues from charging fees at this site. Furthermore, we disagree with the Park Service's assertion that fees would affect Native American use of the site. According to the Park Service regional fee demonstration coordinator, at park units where similar situations existed, local managers were able to resolve cultural issues with the Native Americans using the sites.

The Fish and Wildlife Service commented that there may be opportunities for the agency to experiment with off-peak pricing, but such opportunities would be limited to those sites where there is sufficient visitation to create crowding and provide an incentive for off-peak use. We agree. In fact, crowded parking at one refuge was a big enough concern that managers were considering measures to better handle visitation during peak periods.

The Fish and Wildlife Service also commented on the need for greater coordination among the agencies. The agency noted that cooperative fees have been tried in many instances where they are appropriate and that some of these have resulted in moderate success. We encourage the agency to continue to look for opportunities to coordinate since it would generally increase the level of service provided to the visiting public.

The Department of Agriculture's Forest Service agreed with the recommendation for the agencies to look for opportunities to coordinate their fee programs.

Early Information Suggests Overall Visitation Was Largely Unaffected by Recreational Fees, but Some Users Voiced Concerns

Data from recreational fee demonstration sites participating in 1997 suggest that the new or increased fees have had no overall adverse effect on visitation, although visitation did decline at a number of sites. Such data, however, are based on only 1 year's experience, so the full impact of fees on visitation will not be known until completion of the program. Early research on visitors' opinions of the new fees has shown that visitors generally support the need for, and the amount of, new fees. However, these conclusions are based on limited analysis in that only two of the four agencies—the Park Service and the Forest Service—have completed visitor surveys at a small number of sites participating in the demonstration program. Accordingly, the survey results may not represent visitors' opinions at all participating sites or represent views of nonvisitors. Each participating agency planned to conduct additional visitor surveys in 1998 and 1999 to more fully assess the impact of fees on visitation. However, some interest groups and recreation fee experts have identified some research gaps, such as potential visitors who do not come to recreation sites or who do go to sites but drive off because of the new or increased fees and fail to participate in the survey. A number of interest groups we contacted were generally supportive of the program. However, some had concerns about the program and how it was being implemented.

Preliminary Data Suggest No Major Adverse Effect on Visitation From New Recreational Fees

Although data for more years will be needed to fully assess the effect of increased recreational fees on visitation, 1997 data from the 206 sites participating in the demonstration program preliminarily suggest that the increased fees have had no major adverse effect on visitation. Except for BLM, each agency reported that, overall, visitation increased from 1996 to 1997 at its sites, even though some individual sites experienced declines in visitation, especially when new fees were charged.

Overall Visitation Increased, but Fee Levels Are Only One Factor

Data from 1997 are the first available to assess the impact of the fee demonstration program on visitation, since the four agencies spent 1996 designing the program and selecting the sites. Overall, of the 206 demonstration sites operated by the four agencies, visitation during 1997 increased by 4.6 percent from 1996. Visitation increased at three agencies' sites, with the Park Service sites showing the largest increase, while BLM reported an overall decline in visitation of 10.4 percent (see table 5.1). Among the 206 sites, visitation increased at 120 sites, decreased at 84 sites, and was unchanged at 2 sites (see table 5.2).

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**Table 5.1: Visitation at Recreational
Fee Demonstration Sites, 1996-97**

Millions of visitors				
	Number of sites	1996 visitation before fee demonstration	1997 visitation after fee demonstration	Percentage change
Park Service	96	141.1	149.0	+5.6%
Fish and Wildlife Service	61	9.4	9.5	+1.1
Forest Service ^a	39	34.5	35.2	+2.0
BLM	10	1.2	1.0	-10.4
Total	206	186.2	194.7	+4.6%

^aVisitation data for the Forest Service are estimates.

Source: Data provided by the four agencies.

**Table 5.2: Changes in Visitation at
Recreational Fee Demonstration Sites,
1996-97**

	Sites where visitation increased	Sites where visitation decreased	Sites where visitation was unchanged	Total
Park Service	50	45	1	96
Fish and Wildlife Service	43	17	1	61
Forest Service	25	14	0	39
BLM	2	8	0	10
Total	120	84	2	206
Percentage of total	58%	41%	1%	

Source: Data provided by the four agencies.

Because these data represent only the change in 1 year and many factors besides fees can affect visitation levels, several agency officials told us that the 1996 to 1997 visitation changes provide only a preliminary indicator of the impact of increasing or imposing fees at the demonstration sites.¹ In addition, visitation can be affected by a variety of factors, such as weather patterns, the overall state of the economy, gasoline prices, currency exchange rates, and historical celebrations. Accordingly, changes in fee levels or instituting new fees, by themselves, do not fully account for changes in visitation levels. Nonetheless, on the basis of the data currently available, a report by the four participating agencies to the Congress

¹Because there may be substantial differences between the sites participating in the demonstration program and other sites, it is not possible to use data on changes in visitation levels at the demonstration sites to make inferences about the effects that fee increases might have at other sites.

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states, "Visitation to the fee demonstration sites does not appear to have been significantly affected, either positively or negatively, by the new fees."²

**Changes in Visitation
Levels Varied Among Sites**

While overall visitation increased 4.6 percent among all agencies in 1997, visitation levels varied among agencies and among sites within the same agency. During the period, visitation at nondemonstration sites among the agencies increased 3.6 percent. Changes in visitation to sites participating in the recreational fee demonstration program are summarized below for each of the four participating agencies.

Park Service

Annual visitation at the Park Service's 96 sites participating in the recreational fee demonstration program in 1997 increased 5.6 percent over 1996—from 141.1 million to 149.0 million visitors. Visitation increased at 50 sites, decreased at 45 sites, and remained unchanged at 1 site. Some sites that raised existing fees in 1997 experienced significantly higher rates of visitation after the increased or new fees went into effect. For example, at one site we visited, Timpanogos Cave National Monument in Utah, a new entrance fee plus increased fees for cave tours allowed the park to hire additional cave interpreters, which lengthened the season for cave tours by 3 months. As a result, visitation increased 16 percent, and about 16,000 more visitors were able to tour the site in 1997 than 1996. In contrast, at another site we visited, Frederick Douglass National Historic Park in Washington, D.C., visitation declined 24 percent from 45,000 in 1996 to 34,000 in 1997. In 1997, the site instituted a new \$3 per person entrance fee, whereas in 1996, entrance was free. According to a Park Service official, the new fees probably played a role in the decline in visitation. In commenting on a draft of this report, the Park Service stated that the closure of a nearby museum and several major road projects may have also influenced visitation at the site.

Because visitation at the Park Service's sites represents about three-quarters of total 1997 visitation at all of the demonstration program sites, we asked the Park Service for data on historical visitation levels at both its demonstration and nondemonstration sites. These data show that visitation at nondemonstration sites rose faster from 1996 to 1997, 7.0 percent compared with 5.6 percent for demonstration sites. The higher

²Recreational Fee Demonstration Program: Progress Report to the Congress, Volume 1 - Overview and Summary, submitted by the U.S. Department of the Interior (National Park Service, Fish and Wildlife Service, Bureau of Land Management) and the U.S. Department of Agriculture (Forest Service) (Jan. 31, 1998).

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fees might be one factor accounting for a smaller percentage increase in visitation at the demonstration sites, but other factors might be more important. We found that the larger percentage increase at the nondemonstration sites in 1997 was consistent with changes in visitation over the last few years (1993-97) and, therefore, might have occurred even if fees had not been increased at the demonstration sites. Since 1994, there has been a steady trend in which visitation at nondemonstration sites has grown relative to visitation at demonstration sites. In fact, there was a much more substantial difference between the two groups in the changes in visitation from 1995 to 1996 before fees were increased at any of the sites. During that period, visitation increased by 0.9 percent at the nondemonstration sites but fell by 4.1 percent at the demonstration sites.

Forest Service

Of the Forest Service's 39 fee demonstration sites operating in 1997, visitation totaled 35.2 million—an increase of 724,000 recreation visits or a 2-percent increase over 1996. Visitation increased at 25 sites and decreased at 14 sites. At some sites where new fees were charged or where fees were paid only for entrance to a visitor center, visitation generally declined, according to a Forest Service official. For example, after Mono Lake in the Inyo National Forest in northern California instituted a \$2 fee per person for day use or entry to a section of the visitor center (an exhibit room and movie theater), visitation declined 10 percent from the prior year, according to a Forest Service official.

At other Forest Service sites, visitation increased despite new fees. At one site we visited, the Mount St. Helens National Volcanic Monument in Washington State, 1997 visitation rose to 3.1 million—a 15-percent increase over 1996. This increase occurred even though the site implemented two new fees: a user fee of \$8 for a 3-day pass to the visitor centers and other developed sites and a climbing fee of \$15. In 1997, the site also opened an additional visitor center and deployed snow plows earlier than in prior years, further increasing visitation.

Fish and Wildlife Service

Visitation at the Fish and Wildlife Service's 61 sites participating in the program increased from 9.4 million in 1996 to 9.5 million in 1997, or slightly over 1 percent. In 1997, visitation decreased at 17 sites, increased at 43 sites, and was unchanged at 1 unit compared with visitation in 1996. At the 30 refuges charging fees for the first time as well as at the 31 refuges that increased existing fees, there was little or no change in the level of visitation or participation in activities. The three sites we visited reflected

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these national visitation patterns. At Nisqually National Wildlife Refuge in Washington State, the entrance fee was increased from \$2 to \$3, and visitation increased by 41 percent, from about 45,000 in 1996 to 63,000 in 1997. At Chincoteague National Wildlife Refuge in Virginia, the entrance fee increased from \$4 to \$5, and visitation increased 7 percent, from 1.3 million visitors in 1996 to 1.4 million visitors in 1997. At another site we visited, Bosque del Apache National Wildlife Refuge in New Mexico, the entrance fee increased from \$2 to \$3, and visitation declined 10 percent from 132,000 in 1996 to 119,000 in 1997.

**Bureau of Land
Management**

Overall visitation at BLM's 10 demonstration sites dropped by 10.4 percent from 1996 to 1997. This drop reflected decreases at eight sites and increases at two other sites. According to BLM, factors affecting visitation in 1997 included (1) inclement weather and flooding that limited access to recreation sites such as Paria Canyon-Coyote Buttes in Arizona and Utah, where visitation declined 16 percent between 1996 and 1997; (2) construction projects that interfered with visitors' use of several sites such as the Kipp Recreation Area in Montana; and (3) new fees, such as at Anasazi Heritage Center in Colorado, where visitation declined 22 percent, in part because of resistance to new fees.

At one BLM site we visited, Red Rock Canyon National Conservation Area west of Las Vegas, Nevada, a new entrance fee of \$5 was implemented in 1997, but visitation increased from about 1 million in 1996 to about 1.14 million in 1997. At another BLM site we visited, Yaquina Head Outstanding Natural Area on the central Oregon coast, site visitation declined 10 percent, from about 540,000 in 1996 to about 486,000 in 1997. Visits to the interpretive center declined 27 percent when fees were introduced, and at the lighthouse, visits dropped from 531 walk-in visitors a day to 65—an 88-percent decrease. Subsequent changes in the lighthouse fee raised the average daily attendance to 425 in July 1998.

**Initial Visitation
Research Shows
General Support for
Fee Demonstration
Program**

Surveys completed by the Park Service and the Forest Service show that visitors generally support the need for, and the amount of, new or increased entrance or user fees. However, these surveys are limited to only a few sites and do not cover visitors to the sites of the Fish and Wildlife Service and BLM. Both the Park Service and the Forest Service are planning additional surveys for 1998 and 1999 that will probe more deeply into visitation issues. In addition, some representatives of interest groups and recreation fee researchers identified several areas needing further

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research to fully assess the impact of the fee demonstration program. Agency officials agreed that additional research is needed in a number of areas. All four agencies have research planned to address several of the research topics.

**Completed Visitation
Research on the Fee
Demonstration Program**

Research on actual impact of the fee demonstration program by both the Park Service and the Forest Service shows that most visitors support the need for fees and believe that the fees are set at about the right level.

A Park Service survey in 11 national park units taken during summer 1997 showed that 83 percent of the respondents were either satisfied with the fees they paid or thought the fees were too low; 17 percent thought the fees were too high.³ According to 96 percent of respondents, the fees would not affect their current visit or future plans to visit the park. Visitors supported the new fees in large part because they wanted all or most of the fee revenues to remain in the park where they were collected or with the Park Service so that the funds could be used to improve visitor services or protect resources, rather than be returned to the U.S. Treasury.

Three surveys at fee demonstration sites administered by the Forest Service found general support for the program. A survey of over 400 visitors at the Mount St. Helens National Volcanic Monument in Washington State in 1997 found 68 percent of those surveyed said their visitor experience was worth the fee they paid.⁴ Although over 50 percent of those surveyed were not aware of the new fees prior to coming to Mount St. Helens, 69 percent said their visitation plans did not change as a result of the new fees. Overall, 92 percent of those surveyed were either very satisfied or satisfied with their experience at the site.

A June 1997 to May 1998 survey of 1,392 backpackers and hikers at Desolation Wilderness, Eldorado National Forest, in California found that a majority accepted the concept of wilderness use fees and considered the amount charged to be about right.⁵ However, day-use fees were less acceptable than overnight camping fees—about 33 percent of those who

³Allen L. Lundgren and David W. Lime, *Overview of a 1997 National Park Service Monitoring Study to Obtain Visitor Reactions to the Recreational Fee Demonstration Program Final Report*, University of Minnesota, Department of Forest Resources, Cooperative Park Studies Unit (Nov. 1997).

⁴Laura Garcia Tagliani and Sam H. Ham, *Visitors' Reactions to the Recreational Fee Pilot Program at Mount St. Helens National Volcanic Monument*, College of Graduate Studies, University of Idaho (May 1998).

⁵Alan E. Watson and others, *Case Study of the Desolation Wilderness Fee Pilot Program*, Aldo Leopold Wilderness Research Institute, Missoula, Mont. (May 1998).

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were surveyed disliked day-use fees compared with 20 percent who disliked camping fees.

Starting in 1997, visitors to all 39 of the Forest Service's fee demonstration sites were given the opportunity to respond to a customer "comment card" when they purchased a permit. As of March 1998, 528 cards had been received from visitors to 45 individual national forests participating in the fee demonstration program. About 57 percent of the respondents either agreed or strongly agreed with the statement that the opportunities and services they experienced during their visits were at least equal to the fee they paid.⁶

**Additional Surveys Are
Planned to Assess the
Impact of the Fee
Demonstration Program**

Because only two of the four agencies participating in the recreational fee demonstration program have completed visitor surveys, additional research is planned for 1998 and 1999 to more fully assess visitors' views on new or increased recreational fees. In 1998, both BLM and the Fish and Wildlife Service began their initial evaluations of the impact of the fee demonstration program on visitors. These surveys will be included as part of the final evaluation report of the demonstration program, which is intended to be a comprehensive evaluation on the impact of fees on visitation by each of the four agencies. Additional research by all four agencies, when completed, should more fully illustrate public acceptance and reaction to new or increased fees. Surveys on the impact of fees on visitation and other issues planned for 1998 and 1999 include the following:

- The Park Service plans additional research on visitation in 1998 that will (1) survey the managers at all 100 recreational fee demonstration sites concerning visitation and obtain their perceptions of the equity, the efficiency, and the quality of visitors' experiences resulting from the fee demonstration program; and (2) conduct detailed case study evaluations at 13 fee demonstration sites, including a detailed visitor survey at each site. The case study sites will explore such questions as whether fees affected the mix of sites' visitors and how fees and changes in fee levels have affected the visitors' experience at the sites, among other questions. The surveys are being administered for the Park Service by the University of Idaho with assistance from the University of Montana and Pennsylvania State University. Survey results are expected by April 1999.

⁶Debbie Chavez and Dave Olson, USDA Forest Service Fee Demonstration Projects: Comment Card Analysis, U.S. Forest Service, Pacific Southwest Research Station, Riverside, Calif. (Mar. 1998).

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- The Forest Service plans to survey visitors at several national forests in 1998 to assess their views on new or increased fees under the demonstration program. Several visitor surveys will be completed at the national forests in Southern California as part of the fee demonstration project. The primary objectives of the surveys are to assess visitors' responses to new recreational fees and the effects of the new fees on visitation patterns and to complete a follow-up survey of users who visited the demonstration sites before the new fees were in place. The surveys are being done by the Pacific Southwest Research Station in Riverside and by California State University, San Bernadino, and should be completed in 1999. In addition, a follow-up to a 1997 visitor survey is planned to assess the opinions of campers on new fee charges at the Boundary Waters Canoe Area Wilderness in Minnesota. The survey is being done by the College of Natural Resources, University of Minnesota, and should be completed by November 1998.
- A 1998 survey of a total of 2,600 visitors is planned at nine of the Fish and Wildlife Service's wildlife refuges, according to an agency official. The survey objectives are to obtain visitors' opinions on the fairness and equity of the fee being charged, alternative fee-collection methods, and the use of revenues from fee collections, among other topics. The nine sites selected will include those charging both entrance and user fees as well as sites with new fees and those that changed existing fees. The study is being completed for the Service by a contractor to the Department of the Interior's National Biological Survey with assistance from Colorado State University. Survey results will be available by the end of 1998.
- During September 1998, BLM plans to survey a total of 800 people who visited eight different demonstration sites to assess their views on the program. The specific objectives of the survey are to determine the appropriateness of the fees charged, how revenues from fees should be used, and how fees will affect future visitation, among other topics. The sites selected will represent a cross-section of both dispersed and developed recreation sites. The survey is being done with assistance from the University of Virginia Survey Research Center and should be completed by December 1998.

**Areas in Need of Further
Research**

While much of the completed research on visitors' opinions about recreational fees shows general support for the demonstration program, recreation fee experts and some interest groups we contacted raised concerns about some effects that completed or planned visitation research, generally, does not address. The concerns fell into three areas:

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the impact of new or increased fees on those not visiting recreation sites, backcountry users, and low-income users.

First, almost all completed and planned visitation surveys concerning the recreational fee demonstration program have assessed or will assess visitors who have paid a user or entrance fee at the recreation site. This practice is consistent with the agencies' evaluation approach of assessing visitors' reactions to paying new or increased fees. However, potential visitors who do not come to the recreation site or who come to the site but leave because of new or increased fees have not been included in the surveys. For example, at Glacier National Park in 1997-98 a fee was collected at the park's western entrance on certain winter weekends. According to reports in the media, during this period, passengers in a number of cars refused to pay the fee and canceled their visit to the park. It is because of situations like this that several recreation fee researchers we contacted said further research is needed to determine whether recreational fees are precluding potential recreation users from visiting the sites in the demonstration program.

Representatives from two of the four agencies participating in the fee demonstration program agreed this was an important research concern that completed or planned visitation research will not address. The Forest Service plans a national recreation survey in 1998-99 that, among other topics, will address the general public's reaction to new or increased fees. In commenting on this report, the Park Service said it plans to conduct a survey of the general public to determine the impact of new or increased fees on visitation. This survey should be completed by December 1999. Fish and Wildlife Service officials said they had not planned such research because (1) this type of research was expensive to conduct and (2) it was not yet a high enough priority among competing research needs within the agency. Officials from BLM said that if fee increases appeared to be a factor in causing a decline in 1998 visitation figures, the agency would be likely to conduct research on this topic.

Second, limited visitation surveys have been completed or are planned on the impact of new or increased fees on backcountry recreation. Only one of the completed surveys and one survey planned for 1998 has or will focus exclusively on backcountry recreation: the Forest Service's 1997-98 survey of Desolation Wilderness in northern California⁷ and its summer 1998 survey of visitors to the Boundary Waters Canoe Area Wilderness in

⁷Alan E. Watson and others, *Providing Science Input to Management Issues: Defining and Answering Researchable Questions: Introduction to a Case Study of the Desolation Wilderness Fee Pilot Program*, Aldo Leopold Wilderness Research Institute, Missoula, Mont. (May 1998).

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Minnesota. Furthermore, only 1 of the 11 national park units included in the Park Service's 1997 visitation survey had instituted fees for backcountry use. One interest group contacted, Outward Bound USA,⁸ suggested that visitors' acceptance of new or increased fees was greater in developed recreation areas and that backcountry users were less enthusiastic about the program because agencies charge multiple fees for backcountry activities in the same area and many backcountry fees are new fees rather than increases in existing fees. Several recreation fee researchers contacted said that since many backcountry use fees were new, additional research was needed to determine if fees were affecting backcountry visitation patterns.

While representatives from the Park Service and the Forest Service agreed this was an important research concern, Fish and Wildlife Service officials did not, since their recreation sites do not involve nearly as much dispersed backcountry recreation as the Park Service's and the Forest Service's. A BLM official acknowledged this was an important issue, but said the agency's visitation survey would only be administered at a small number of sites with dispersed backcountry recreation. In commenting on a draft of this report, the Park Service said that it plans to conduct a survey of backcountry/winter recreation users, to be completed by December 1999, to determine the impact of new or increased fees on visitation. A Forest Service official said the agency's two surveys would shed some light on the impact of fees on backcountry use but believed more research was needed to fully assess the impact of fees on the Forest Service's many sites with backcountry use. The Forest Service official favored more emphasis on such research but said that funding it would have to be balanced with other research priorities.

Third, concerns have been expressed about the effect of new or increased fees on low-income visitors to federal recreation sites participating in the fee demonstration program. While BLM and the Fish and Wildlife Service plan surveys to address this issue, neither the Park Service nor the Forest Service has completed or plans research sufficient to address this topic at a number of sites participating in the demonstration program. Two groups we contacted, the National Parks and Conservation Association and Outward Bound USA, emphasized that although recreational fees are becoming more common, at some point fee increases will affect the demographics of recreation users, particularly those with limited means. In commenting on a draft of this report, the Forest Service stated that it is considering requiring fee demonstration sites to (1) collect data on the

⁸See chapter 1 for a description and list of groups contacted.

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impact of fees on low-income and ethnic populations and (2) offer proposals to mitigate any impacts.

Prior recreation fee research has also raised concerns about the impact of fees on the visitation patterns of low- and moderate-income users. For example, a study of the impact of fees on recreational day use at Army Corps of Engineers recreation facilities suggests that a larger proportion of low-income users would stop visiting a site if fees were charged and, since low-income users are more sensitive to the magnitude of fees charged, that higher fees would displace a higher proportion of low-income users.⁹ In addition, a 1997 survey of 1,260 visitors to 11 national park units found that 17 percent thought the fees charged were too high and that the lower the respondent's income, the greater the tendency to think the fees charged were too high.¹⁰ Several recreation fee researchers contacted said that while some completed research has shown support for new fees among users of all income levels, further research is needed to understand how new fees and fee levels affect visitation of low-income users at federal recreation sites.

**Interest Groups
Generally Support
New Fee Program, but
Some Voice Concerns**

A number of interest groups we contacted, while generally supportive of the program, had some concerns about how the program was being implemented and were withholding a strong endorsement until more tangible results of the program were available. Some groups were concerned that recreational fee increases represented an unfair burden on commercial recreation providers and that public acceptance of fee increases may diminish if fee increases go much higher. Also, some users were concerned that fees were too high and amounted to double taxation.

All nine of the interest groups we contacted supported the recreational fee demonstration program, but some had concerns about how the program was being implemented.¹¹ For example, the American Recreation Coalition supports the program because fees have generated funds to preserve aging agency facilities, provide new interpretative services, or experiment with new or innovative fee-collection initiatives, such as a regional trail pass program. However, the coalition was concerned that, in some cases, new or increased fees were being added to permit fees already paid by

⁹Stephen Reiling and others, *Potential Equity Effects of a New Day-Use Fee* (1995); and Stephen Reiling and others, *Demand and Marketing Study at Army Corps of Engineers Day-Use Areas*, U.S. Army Corps of Engineers, Waterways Experiment Station, Vicksburg, Miss. (1994).

¹⁰Lundgren and Lime, *Overview of a 1997 National Park Service Monitoring Study*.

¹¹See chapter 1 for a description and list of groups contacted.

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commercial recreation providers to the agencies, which represented an unfair and costly burden to their operations. The National Parks and Conservation Association told us it supports the fee demonstration program because fees are retained at the sites where they are collected and are used to reduce maintenance backlogs. At the same time, however, the association was concerned that at some point the public's acceptance of fee increases may erode. For example, according to the association, excessive use fees for private boaters along the Colorado River¹² and a doubling or tripling of entrance fees at certain popular national parks such as Yosemite are actions that are likely to stretch the limit of public acceptance of new recreational fees. Another group from Washington State, the Mountaineers, told us that while the public has initially accepted the program, the group was withholding a strong endorsement of it until it could see the results from the agencies' spending on increased maintenance, enhanced visitor services, or interpretative programs and the results of visitor surveys.

Some visitors to federal recreation sites under the demonstration program have voiced opposition to new or increased fees. For example, a Forest Service analysis of 528 comment cards found that about 26 percent disagreed or strongly disagreed with the statement that the value of the recreation opportunities and services the visitors had experienced was at least equal to the fee they paid.¹³ In addition, 43 percent of the 420 people providing written comments on the cards made negative statements about the recreational fees, such as "the price is too high," "this is double taxation," or "I oppose the fees." Similarly, an analysis of 484 pieces of correspondence received by the Park Service between July 1996 and September 1997 showed that 67 percent of respondents expressed some opposition to new fees.¹⁴ According to Park Service and Forest Service officials, the surveys were not based on statistical sampling and, therefore, are not representative of all users. Comment cards and correspondence are more likely to be completed by those having a strong opinion on fees, especially those who are opposed to fees.

¹²According to the Park Service, some of the fees charged to private boaters on the Colorado River in the Grand Canyon are collected under 16 U.S.C. 3a—a separate authority outside of the fee demonstration program.

¹³Chavez and Olson, USDA Forest Service Fee Demonstration Projects.

¹⁴Allen L. Lundgren and others, Content Analysis of Correspondence Received by the National Park Service Regarding the Recreational Fee Demonstration Program, Cooperative Park Studies Unit, University of Minnesota (Nov. 1997).

Recreational Fee Gross Revenues, Fiscal Years 1996-98

Dollars in thousands

Agency/fees	FY 1996	FY 1997	FY 1998 (estimated)	Percentage increase from FY 1996 to FY 1998
Park Service				
Nondemonstration fees	\$77,771	\$7,451	\$9,500	
Demonstration fees	0	114,041	135,572	
Agency total	77,771	121,492	145,072	86.5%
Forest Service				
Nondemonstration fees	9,988	7,700	7,000	
Demonstration fees	20	8,744	17,744	
Agency total	10,008	16,444	24,744	147.2%
Bureau of Land Management				
Nondemonstration fees	3,311	3,249	2,525	
Demonstration fees	0	419	3,200	
Agency total	3,311	3,668	5,725	72.9%
Fish and Wildlife Service				
Nondemonstration fees	2,177	2,325	500	
Demonstration fees	0	622	3,300	
Agency total	2,177	2,947	3,800	74.6%
The four agencies combined				
Nondemonstration fees	93,247	20,725	19,525	
Demonstration fees	20	123,826	159,816	
Total	\$93,267	\$144,551	\$179,341	92.3%

Note: Prior to fiscal year 1998, not all of the fee revenues generated by demonstration sites were available for expenditure. The agencies could spend only those revenues that exceeded the level of revenues they had generated prior to the demonstration program. This is discussed in greater detail in chapter 3.

Source: Data provided by the four agencies.

Details on Expenditures at the Park Service's Sites GAO Visited

In contrast to expenditures on a national basis in which repair and maintenance predominated, at the seven Park Service sites we visited, expenditures to support fee-collection activities were the largest expenditure. For example, Assateague Island National Seashore in Maryland had \$188,624 in available revenues as of March 31, 1998.¹ The seashore had spent \$72,488, or 38 percent, of revenues collected—\$61,488 of it on the cost of fee collection and \$11,000 on health and safety or interpretation items. The health and safety funds were spent on new restrooms that can be removed from the site when a major storm is expected. At the Frederick Douglass National Historic Site in Washington, D.C., \$5,000 was spent on the cost of collecting fees as of March 31, 1998, but nothing was spent on other planned expenditures out of the \$20,002 in available revenues. At Olympic National Park in Washington State, with \$807,235 in available revenues, \$37,000, or 5 percent, had been spent on the cost of collection as of March 31, 1998, and the other project expenditures of \$131,199, or 16 percent, included replacing restroom doors and privies, spreading gravel on roads and parking areas, and making repairs at picnic areas (see fig. II.1).

¹The revenue numbers mentioned in this paragraph are the amounts available after the deduction of the 20 percent for the agencywide fund and the base year amount applicable to fiscal year 1997.

Appendix II
Details on Expenditures at the Park
Service's Sites GAO Visited

Figure II.1: Photos of Projects Paid for by the Olympic National Park's Demonstration Program Revenues: Road Project and Replacement of Picnic Tabletops



Appendix II
Details on Expenditures at the Park
Service's Sites GAO Visited

At Carlsbad Caverns National Park in New Mexico, the only expenditures from the \$652,983 in available revenues through March 31, 1998, were for the cost of collection, totaling about \$351,392, or 54 percent. At Shenandoah National Park in Virginia, \$720,819, or 41 percent, of the \$1.7 million in available revenues was spent on the cost of collection. Some of the remainder was spent on clearing historic vistas along Skyline Drive (see fig. II.2a and II.2b).

Figure II.2a: Shenandoah National Park's Vista Clearing Project: Typical Area Where Historic Vista Along Skyline Drive Is Obscured by Tree Growth



Appendix II
Details on Expenditures at the Park
Service's Sites GAO Visited

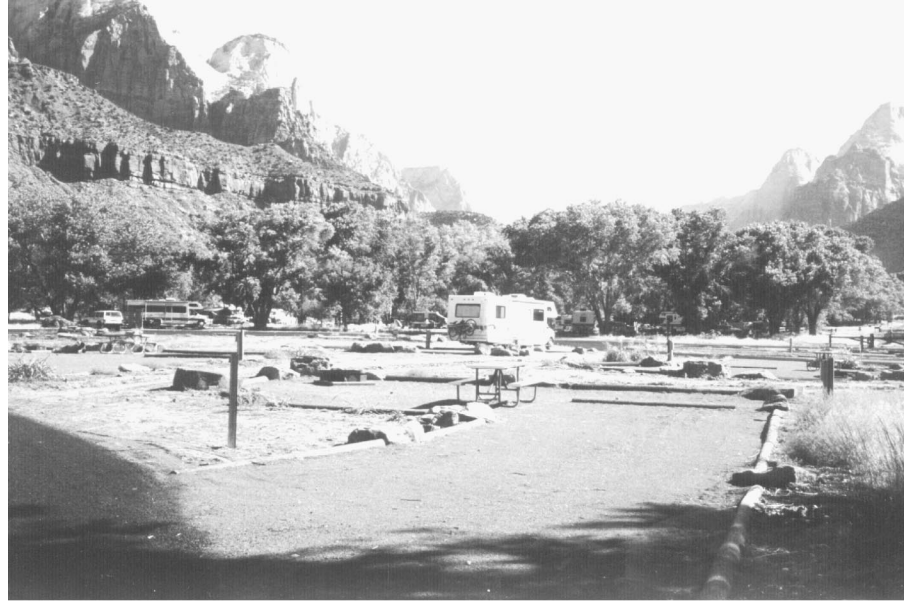
Figure II.2b: Shenandoah National Park's Vista Clearing Project: Area Where Trees Were Cleared From Historic Vista Along Skyline Drive



Timpanogos Cave National Monument in Utah has spent \$95,611, or 67 percent, of the \$142,421 in available revenues, almost all of it for the cost of collection. At Zion National Park in Utah, with \$2.3 million in available revenues as of March 31, 74 percent, or \$601,184 of \$812,701 in expenditures were for the cost of collection, and most of the remainder was spent on the rehabilitation of the Watchman Campground near park headquarters (see fig. II.3).

Appendix II
Details on Expenditures at the Park
Service's Sites GAO Visited

Figure II.3: Rehabilitation of the Zion National Park Watchman Campground Campsites and New Group Shelter



Details on Expenditures at the Forest Service's Sites GAO Visited

At the Forest Service's fee demonstration sites we visited, the distribution of actual expenditures varied from those reported on a national basis. For example, at the American Fork Canyon—Alpine Loop Recreation Area of Uinta National Forest in Utah, which had \$198,629 in revenues available to spend through March 31, 1998, \$184,688 or 93 percent, had been spent. Of that amount, 68 percent was spent on the cost of fee collection and the remainder on annual operations, facility enhancement, repairs and maintenance, and interpretation and signage. An example of an expenditure there was the use of fee demonstration funds to leverage additional funding for the reconstruction of a road and a parking lot at a popular recreation area (see fig. III.1).

Figure III.1: Reconstruction of the Tibble Fork Parking Area of American Fork Canyon Recreation Area, Uinta National Forest



Mount St. Helens National Volcanic Monument in the Gifford Pinchot National Forest in Washington State had \$2.3 million in revenues through March 31, 1998, and spent 57 percent, or \$1.3 million. Of that amount, 32 percent was spent on interpretation and 28 percent on repairs and maintenance. Fee revenues allowed the monument to extend seasons and hours at visitor centers, information stations, and interpretive sites and to

Appendix III
Details on Expenditures at the Forest
Service's Sites GAO Visited

provide daily cleaning and maintenance of developed areas, such as viewpoints, picnic areas, and trailheads. Other expenditures were for health and safety improvements, law enforcement, resource preservation, facility enhancement, and the cost of collection. At the Salt and Verde Rivers Recreation Complex in Tonto National Forest in Arizona, \$2.1 million was taken in and \$2.0 million, or 90 percent, was spent through March 31, 1998. Of the expenditures, 63 percent were for annual operations, followed by 14 percent for the cost of collection, and 14 percent for facility enhancement. Figure III.2 shows a reconstructed boat launch at the Saguaro del Norte recreation site in Tonto that was funded with \$225,000 in demonstration fee revenues. The remainder of the expenditures were for repairs and maintenance, interpretation, and law enforcement.

Figure III.2: Reconstructed Boat Launch at the Saguaro Del Norte Recreation Site in Tonto National Forest



Details on Expenditures at the Fish and Wildlife Service's Sites GAO Visited

At the three Fish and Wildlife Service's refuges we visited, a total of \$137,704, or 39 percent, of \$345,294 in revenues was reported spent as of March 31, 1998. For these three sites, the predominant area of expenditure was \$81,980, or 60 percent, for the cost of fee collection—\$14,000 by Bosque Del Apache National Wildlife Refuge, New Mexico; \$66,000 by Chincoteague National Wildlife Refuge, Virginia; and \$1,980 by Nisqually National Wildlife Refuge, Washington State (see fig. IV.1). All of the remainder was spent on repairs and maintenance, mostly on projects under way at Chincoteague, including the replacement of a roof and carpeting at the visitor contact station, trail work, and construction of a mobile environmental learning center. For the other two sites we visited, the only expenditure outside of those for the cost for collection was \$16,808 on repair and maintenance at Bosque Del Apache.

Figure IV.1: Self-Service Fee-Collection Facility at Nisqually National Wildlife Refuge



Details on Expenditures at the BLM's Sites GAO Visited

For the two Bureau of Land Management (BLM) sites we visited, \$213,320 had been spent as of March 31, 1998, with the greatest amount, 77 percent, going toward the cost of fee collection.

At the Red Rock National Conservation Area in Nevada, of the \$473,567 in revenues available to spend through March 31, 1998, \$178,767 had been spent. Most of that amount, \$128,783, or 72 percent, was spent for the cost of collection and the remainder for minor facility enhancement, repair and maintenance, and interpretation items (see fig. V.1).

Yaquina Head Outstanding Natural Area in Oregon reported no actual expenditures from its \$69,707 in revenues other than \$34,463 spent on the cost of collection as of March 31, 1998.

Figure V.1: New Entrance Fee-Collection Facility Under Construction at BLM's Red Rock National Conservation Area



Comments From the Department of the Interior and Our Evaluation

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

The page numbers in this letter refer to a draft of this report. We have indicated page number changes for those comments that we discuss in detail.



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240



OCT 8 1998

Mr. Barry T. Hill
Associate Director, Energy, Resources
and Science Issues
U.S. General Accounting Office
441 G Street, NW
Washington, DC 20548

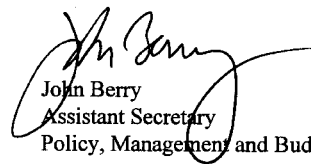
Dear Mr. Hill:

The Department of the Interior has reviewed the General Accounting Office's (GAO) draft report entitled, "Recreation Fees: Demonstration Fee Program Successful in Raising Revenues but Could Be Improved" (GAO/RCED-99-7). Generally, the Department is pleased with the findings in the draft report. Comments and technical corrections made by the individual bureaus and the Department's Office of Budget are enclosed.

In the draft report, you recommend that the National Park Service and the Fish and Wildlife Service pursue more innovative fee structures during the remainder of the Recreation Fee Demonstration Program. You also recommend that all the agencies explore cooperative efforts to serve the public better. Since the inception of the fee demonstration program, the individual bureaus have struggled to find the right balance of innovation and simplicity in their recreation fee structure. Rest assured that the bureaus are aware of the issues you raise and will continue to refine their recreation fee projects during FY1999 to ensure the best possible visitor experience.

We appreciate the opportunity to review and comment on this draft GAO report.

Sincerely,


John Berry
Assistant Secretary
Policy, Management and Budget

Enclosure

**Appendix VI
Comments From the Department of the
Interior and Our Evaluation**

U.S. Department of the Interior
Comments on U.S. General Accounting Office Draft Report, entitled
"Recreation Fees: Demonstration Fee Program Successful in Raising
Revenues but Could Be Improved" (GAO/RCED-99-7)

National Park Service

In general, the National Park Service (NPS) agrees with the findings and tone of the report and provides below some more specific comments on the GAO draft report.

Response to Recommendations:

See comment 1.

The GAO draft report recommends further innovation and experimentation with new and existing fees. We would like to have a more detailed GAO discussion to accompany this GAO conclusion. With each convolution of fee schedules, there is an accompanying increase in processing time at entrance stations, a need to explain to the public the range of fee options, increased staffing to collect fees and check outgoing vehicles, and program changes that address the intricacies of collection technologies and frustrate fraud. Complex fee schedules make the enforcement of these myriad fees more difficult, and in many cases, more fee options only confuse and frustrate the visitor. Congress has cautioned against erecting complex fee structures. The NPS, in an effort to abide by the wish of Congress, has exercised restraint in the design of each park site's fee schedule and even instituted cross-collecting (fees from Lees Ferry, Glen Canyon NRA) to simplify matters for visitors.

See comment 1.

While it may be desirable to "experiment" with fee structures, there is a fundamental and sound rationale to the current fee schedule of the NPS. The NPS has been collecting entrance fees of some sort since 1908. Lessons learned over time have forged a recreation fee schedule that has merit. Congressional concerns regarding overall cost of collection and internal policy limits on hiring operational personnel not associated with fee collection make it difficult to enforce a tiered fee structure. Weekend or high season differential fees were suggested in the initial development of the demonstration program. Managers had the discretion of adopting the fee structure that best suited the park area. The GAO draft report makes reference to pricing structures similar to amusement parks, golf courses and ski areas. We respectfully object to this concept, as the National Park system's essential purpose is different than the purpose of such areas.

See comment 1.

The NPS demonstration fee program has succeeded relatively well to date for a variety of reasons. Public acceptance of the current fee structure is one of the primary reasons.

See comment 1.

Equity and fairness of fee collection have been discussed as a fundamental premise for collecting fees in the NPS. All those who are eligible to pay should pay. This is difficult to accomplish at new fee areas and certainly at areas with unrestricted access due to multiple points of entry. The draft report does not look at this aspect and how differential fees begin to influence equity of payment and the associated costs and benefits.

See comment 1.

Specifically, the report concludes that the NPS has not experimented with differential pricing

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structures to make fees more equitable. The NPS has differential pricing at Gateway NRA, Sandy Hook unit, which charges a beach parking fee of \$8/weekday and \$10/weekend day. A \$60 seasonal pass is also available. Other examples include: 1) seasonal fees for campgrounds (higher fee during the busy season, or for example, on the North Rim of the Grand Canyon, a higher fee for campsites located near the rim); 2) collecting entrance fees only on weekends at Hurricane Ridge in Olympic NP during the winter season; 3) charging differential fees for cave tours depending on age; and, 4) experimenting with single day fees or three-day fees instead of the traditional seven-day fee at several demonstration park units. We note that, since the entrance fees to NPS areas are often higher relative to other Federal lands, the public may choose other recreational opportunities that suit their needs and pocketbooks. Therefore, a de facto pricing deferential, that of other sites near National Park Service lands, already exists.

Other specific comments:

P. 4, paragraph 1: discussion of surveys on low income users. FY1997 evaluation discussed income levels and opinions of visitors paying fees. It is true that a general survey has not been conducted of those who have not visited a park. Please note our additional comment on this subject as it relates to P. 90 of the draft report.

P. 5, paragraph 1: statement is made that the NPS is generating so much revenue because it manages a large number of high-revenue sites. This is misleading. Revenue is based on visitation, fee price, number of persons eligible to pay who do pay and the corresponding enforcement of collection. If one looks at total visitation levels, the US Forest Service has many more recreational visits than NPS. Acknowledgment should be given that the NPS has high-revenue sites because it charges relatively higher fees at premium sites, invests resources in collecting these fees, manages an efficient and equitable fee operation in which the public accepts that they are receiving benefits in exchange for the fee that is charged, and that reasonable enforcement of fee collections takes place to ensure payment.

P. 55, paragraph 1: discussion of Zion and ability to spend fee revenue. This paints a false picture, as it does not address the resource management needs of the park.

P. 55, paragraph 2: discussion of Shenandoah and elimination of backlogged repair and maintenance. Paints false picture as it does not identify the backlogged resource management needs and what will become backlogged by the time the current backlog is eliminated.

P. 55, last paragraph and comments by Comptroller of the NPS: The Comptroller states that some areas will run out of "backlogged repair and maintenance needs to address with their fee revenues." The Associate Director for Operations and Education, the Associate Director for Cultural Resources, Stewardship and Partnership and the Associate Director for Natural Resources Stewardship and Science were not contacted to discuss whether these parks will run out of backlogged resource projects or other needs.

Chapter 4 examines greater innovation. Our comments at the beginning of this response apply to p. 63, the top of p. 64 and p. 67 under innovation for NPS. Suggesting that the NPS

Now on p. 4.
See comment 2.

Now on p. 48.
See comment 3.

Now on p. 48.
See comment 3.

Now on p. 49.
See comment 3.

Now on pps. 58-62.
See comment 1.

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raise prices to discourage visitation needs some consideration.

P. 74: El Malpais National Monument was evaluated and the decision was made to exclude that park from the program for a number of reasons. First, NPS estimates of potential revenue were far lower than figures quoted on p. 76. Those figures, in fact, were generated by the Bureau of Land Management before any analysis was started. In other words, those figures were just an initial guess. The NPS felt that the cost/benefit ratio for fee collection at El Malpais NM was not worth its inclusion in the Fee Demo Program.

The GAO draft report also minimizes the following NPS concerns at EL Malpais NM:

1. Implementation of fees would affect Native American use of this area by five neighboring tribes. A Cultural Affiliation Study had not been completed and therefore it would be inappropriate to make determinations now as to which tribe(s) would have the fee waived versus which would not. This is a sensitive issue that would have long term ramifications if handled improperly.
2. At present, visitor amenities are not up to National Park Service standards. Requiring a fee would lead the visiting public to have a reasonable expectation of basic facilities that do not presently exist.

P. 87: visitation at Frederick Douglass NHP: Fees probably affected visitation, but closure of the nearby Anacostia Museum, several major roadway construction projects and other factors may have also influenced visitation.

P. 90, paragraph 2, regarding NPS surveys: The NPS dedicated \$110,000 in FY1998 to conduct a telephone survey of the general public to determine if the public is not visiting parks because of increased fees. Other survey targets include back country users and general opinion regarding new fees.

Technical Correction

P. 15, table on responsibility: Should include NPS areas that are managed in territories including Guam, American Samoa, Puerto Rico, the Virgin Islands and Washington, D.C.

United States Fish and Wildlife Service

Response to Recommendation #1

There may be opportunities for the Fish and Wildlife Service to experiment with off-peak pricing, but the opportunities will be limited to those stations where sufficient numbers of visitors create a crowding effect and there is an incentive for off-peak use. Most use of refuges is

Now on pps. 66-68.
See comment 4.

See comment 4.

See comment 5.

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not overnight use so the varying fees for the length of stay do not apply. The Fish and Wildlife Service is concerned about fee systems that may become too complex and may not provide optimal service to visitors

Response to Recommendation #2

Cooperative fees have already been tried in many instances where they are appropriate. Some have met with moderate success.

Other specific comments:

We strongly disagree with the inference in the draft report that the practice of retaining 80 percent of the revenue at the station where the fees are collected may not be a good practice. The return of those funds to the station where the fees were collected is in large part responsible for the high level of fee acceptance by our visiting public. The current system works well for the Fish and Wildlife Service stations participating in the fee demonstration program. It is important for the revenues we are collecting to be returned to the sites so that improvements to those sites can be seen by the public.

P.4, paragraph 2, line 7: This sentence in the Executive Summary states that "most completed or planned visitor surveys will not address the impact of fees on some visitors, such as low-income users." However, p. 96 of the report in the second paragraph states that two agencies will address the impact of new fees on low-income visitors and two agencies will not. The statement on p. 4 should be changed to reflect that two of the agencies will not address the impact of fees on low-income visitors. The Fish and Wildlife Service will.

P. 50, graph: Shows 71 percent of Fish and Wildlife Service revenues were spent on cost of collection. This percentage should be clarified with a statement reflecting that capital improvements necessary to start fee collection are included in that figure. It is important to note that the percentage only reflects 25 percent of the revenues generated.

P. 61, paragraph 1: Regarding the availability of an estimate for Chincoteague NWR backlog of needs, estimates for the refuge's backlog of needs are available through the Refuge Operating Needs System (RONS) and the Maintenance Management System (MMS).

P. 64: The comments from GAO regarding use of automated fee machines must be clarified by stating that these machines are costly to procure initially, and work best at locations that experience periods of intense visitation and have a minimal number of entrance points.

Technical Corrections:

P. 5, paragraph 3: Change "accounting systems" to "financial systems" to more accurately reflect the processes concerned.

P. 19, paragraph 4: Change "Fish and Wildlife Service refuges" to "Fish and Wildlife

See comment 6.

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Service sites and facilities" because there is one hatchery in the program.

P. 30, paragraph 1, line 11: The Fish and Wildlife Service recommends adding "1997" as a clarifying date to the sentence, which ends, "first year of the program."

Bureau of Land Management

The Bureau of Land Management believes the report to be complete and positive. BLM offers no additional comments.

Office of Budget

No comments on the substance of the report.

Technical Correction:

The draft GAO report on the recreation fee demonstration program contains a factual error in the table in Appendix II. The table shows demonstration fees for the NPS in FY1997 as \$114,041. The correct amount is \$45,079.

The amount shown mistakenly includes the base level of fees collected in FY1997 at fee demonstration sites. That base amount was returned to the general fund. The table, therefore, overstates the demonstration fees collected by the NPS. The fees reported for the Bureau of Land Management and the Fish and Wildlife Service are correctly reported.

The base level reduction does not apply to recreation fee demonstration fees collected in FY1998 and FY1999 because of a change in authority enacted in the FY1998 Interior appropriations act.

The correction also should be reflected in the discussion of fees collected at the end of Chapter 2 of the report.

See comment 7.
Now app. I.

See comment 7.

See comment 7.

See comment 7.

GAO Comments

The following are GAO's comments on the Department of the Interior's letter dated October 8, 1998. While the Department generally agreed with the findings of the report, agencies within the Department raised concerns about several sections of it. The agencies also provided clarifications and technical points that were incorporated into the report as appropriate. Within the letter, there are seven key points on which we provide the following comments.

1. The comments of the Park Service suggest that the agency is reluctant to experiment with differential pricing for a number of reasons, including concerns that new pricing structures could result in increased processing time at entrance stations, confused visitors, and complex fee schedules and could also make enforcement of fees more difficult. We recognize that the Park Service's fee schedule has been successful, but question whether the agency has responded sufficiently to one of the intents of the recreational fee demonstration program—that agencies experiment with innovative pricing structures. If done well, experimenting with differential pricing at the Park Service's demonstration sites need not result in complex fee schedules, delays at entrance stations, confused visitors or significant increases in the cost of fee collection. It is in this context, that we provided the examples of golf courses, amusement parks, and ski areas—recreation activities that routinely use differential pricing to which the public is already accustomed. In many cases, these fee systems are equitable, easily understood by the visitor, and do not cause delay or confusion.

The Park Service commented that park managers had the discretion of adopting high-season or weekend differential fee structures if they best suited the area. It is unclear to us whether the few examples provided in the comments are the only park units at which park managers believed such pricing was suitable. If so, it further demonstrates our point that park managers are capable of successfully using differential fees but have done so to date on a very limited basis. We continue to believe that charging visitors the same rate whether they visit for 1 day or 7 days may not be equitable. More equitable pricing based on length of stay could also better manage demand during high visitation periods. The potential benefits to park visitors, such as less crowding and equitable fees, warrant that differential pricing be tried at a greater number of park units than listed in the agency's comments.

Furthermore, the Park Service's comments on this point are not consistent with the January 1998 report to the Congress on the status of the fee

demonstration program, which was jointly prepared by the Park Service, the Forest Service, BLM and the Fish and Wildlife Service and transmitted by the Undersecretary of the Department of Agriculture and an Assistant Secretary of the Department of the Interior. In that report, the four agencies noted that among the lessons learned up to that point was that differential pricing could be used to maximize resource protection or to minimize infrastructure investment. The report states that “higher fees on weekends, summer months, or other [periods of] traditionally-high recreation use, might reduce the peak loads on resources and facilities Reductions in peak loads can directly reduce the cost to taxpayers associated with operating the recreation sites, providing services to these sites, and any attendant damage to the resource.”

2. We agree that there are a large number of high-revenue sites in the Park Service because the agency charges higher fees at premium sites, invests resources in collecting these fees, and conducts reasonable enforcement activities to ensure payment.

3. Early in its implementation of the demonstration program, the Park Service directed its demonstration sites to focus the program’s expenditures on addressing backlogged repair and maintenance items. Because of this Park Service emphasis, we sought to determine to what extent the new fee revenues would be able to address these items. We found that park managers at several parks indicated that they could address their existing repair and maintenance backlog in a few years (5 years or less) through these fee revenues—assuming the program continues and that appropriations remain stable. We agree that regardless of what happens to the repair and maintenance backlog, a backlog of natural and cultural resource-related needs may continue. Nonetheless, it is significant that managers of some of the parks we visited, such as Zion and Shenandoah, indicated that they could resolve their backlog of repair and maintenance needs in a few years through revenues from the demonstration program.

4. It was clear from our work that there was disagreement among Park Service and BLM officials over whether El Malpais National Monument was a suitable site for the fee demonstration program, and the Park Service’s comments indicate that this disagreement continues. The boundaries of the agencies’ land make it unlikely that the project could succeed without a joint effort. As a result, the site and its visitors will not reap the benefits other sites have gained from being included in the demonstration program, such as better maintained visitor facilities. We disagree with the concerns

that the Park Service raised on this point and question their accuracy since the cost-benefit analysis referred to in the Park Service's comments has not been completed. We obtained a draft of that analysis, which, according to Park Service staff at El Malpais, was the most recent analysis available as of October 15, 1998. The draft analysis contains no information on anticipated costs or revenues from charging fees at this site. Furthermore, we disagree with the Park Service's belief that fees would affect Native Americans' use of the site. According to the Park Service regional fee demonstration coordinator, at park units at which similar situations existed, local managers have been able to resolve the cultural issues involved with Native Americans' use of sites at which fees had been established.

5. We agree that the Fish and Wildlife Service's opportunities to experiment with differential pricing may be limited to those sites where there is enough visitation to provide incentives to visit during off-peak periods. One of the Fish and Wildlife Service's sites included in our review was Chincoteague National Wildlife Refuge. There, the lack of parking was a big enough concern that refuge managers are considering the need for a shuttle system to better handle visitors during peak periods. While Chincoteague may not be typical of other sites of the Fish and Wildlife Service, it nonetheless is one area at which visitors and the agency could benefit from differential pricing.

6. Our matter for congressional consideration on providing additional flexibility to agencies in spending fee revenues rather than allowing sites to retain 80 percent of the fees they collect in all cases is primarily directed at high-revenue sites. At this point, few of the demonstration sites in the Fish and Wildlife Service generate levels of revenues that exceed 20 percent of their operating budget—the threshold we used to designate high-revenue sites. Furthermore, as our report notes, the Assistant Secretary of the Interior for Policy, Management, and Budget has testified that setting aside some of the fee revenues for broader agency priorities is important and that giving the collecting sites a high percentage of the revenues could create undesirable inequities within an agency.

7. The Department's Office of Budget indicated that there was a factual error in the reporting of revenues earned during fiscal year 1997 at fee demonstration sites in the Park Service. This is not correct. According to Park Service documents and to discussions with Park Service budget and fee program officials, the amount of gross revenues generated at the Park Service's demonstration sites during fiscal year 1997 was \$114,041,000. The


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amount suggested by Interior's Office of Budget—\$45,079,000—may reflect only the amount of the Park Service's fee revenues in fiscal year 1997 that were available for expenditure. Prior to fiscal year 1998, the agencies could only spend those fee revenues that exceeded the amount of fees they generated before the demonstration. For fiscal years 1998 and 1999, the agencies can spend all of the revenues generated from fees at demonstration sites. This is more fully discussed in chapter 3. For greater clarity, we have added a note to the table on program revenues in appendix I that states that not all revenues generated prior to fiscal year 1998 were available for expenditure.

Comments From the Department of Agriculture and Our Evaluation

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

The page numbers in this letter refer to a draft of this report. We have indicated page number changes for those comments that we discuss in detail.

	United States Department of Agriculture	Forest Service	Washington Office	14th & Independence SW P. O. Box 96090 Washington, DC 20090-6090
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File Code: 1420
Date: OCT 2 1998


Mr. Barry T. Hill
Associate Director
Energy, Resources, and Science Issues
United States General Accounting Office
Washington, D.C. 20548

Dear Mr. Hill:



Enclosed are our comments on GAO Draft Audit RCED-99-7, RECREATION FEES - Demonstration Fee Program Successful in Raising Revenues but Could Be Improved. We found the report to be very well done and it should prove quite useful in our efforts to continue the effective implementation of this important program. If you would like to discuss any of our comments, please call Greg Super, on our Recreation, Heritage, and Wilderness Resources Staff, at 202-205-1398.

Thank you for the opportunity to comment.

Sincerely,


CLYDE THOMPSON
Deputy Chief for Business Operations

Enclosures

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**Appendix VII
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Response to GAO draft report:

**Recreation Fees
Demonstration Fee Program Successful in Raising Revenues
but Could be Improved**

9/29/98

General Comment: An excellent report. We concur with the Forest Service related recommendation to better coordinate with other Agencies having adjacent lands. We appreciate the close look GAO has given our projects and will use the insights gained to help improve our fee demo program.

Page 2, 1st paragraph, second sentence: after "... implement" add "and test". Also add "test" in item (1) of the same paragraph right before "... program..". The executive summary talks more about implementation than the fact that the program is a test. The limited number of projects and the lack of any permanence in authorization does not allow the Agencies to develop and implement a long term fully integrated program. The testing of individual projects is providing very valuable insights that will be useful in long term integration and implementation.

Page 3, 1st paragraph, 3rd sentence: - this sentence is not accurate - it does not add any valuable insights - recommend it be dropped. All Agencies had previous fee experiences. The Forest Service had the first operational fee demo projects.

Page 3, 1st paragraph - general comment: - The size of Park Service collections in relation to the other 3 Agencies needs to be put into context. While most of the larger National Parks were put into Fee Demo, the Forest Service constructed a test strategy that included small as well as large projects - most charging first time fees. We wanted to test fee concepts on a variety of project types to explore a broad base of fee options, public acceptance and revenue potential. We did not attempt to maximize fee revenues as a key test objective. As a result of the testing approach, the Forest Service did not put only the largest fee potential areas under fee demo. We intended to use the findings from the variety of test locations to help develop a longer term, broad based fee system that made sense to the public and returned significant fees to meet public service needs. The long term revenue potential for recreation on the National Forests is unknown at this time, however, we feel it can be quite significant. It is likely that the Forest Service has much more potential for future revenue growth than the Park Service which has already moved most of its fee potential under fee demo.

Page 5, 1st full paragraph, 4th sentence: Change to read - " In comparison, the Forest Service has included only 2 such sites in the test (others exist but are not in the test), and neither the BLM nor the Fish and Wildlife Service included any sites with revenues above \$1 million."

Page 5, 2nd full paragraph, 1st sentence: The NPS spent only 17% while the Forest Service spent 60% - might want to spell out each Agency - makes it seem all Agencies had spending problems. Also consider moving up more of the reasons for spending lags - P. 40 has a longer list. Should at least include the need for planning and contracting.

Page 7, 1st partial paragraph, last sentence (also p. 8 - second para under recommendations): The effort to consolidate and coordinate complex fee systems is made more difficult by having a very short time horizon before Fee Demo authorization expires. This situation does not allow enough time nor

Now on p. 2.
See comment 1.

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management incentive to focus on long term implementation issues. Project specific cooperation and coordination can be improved even in the short term but major coordination efforts will take more time.

Page 8, 2nd paragraph under recommendations: We do not disagree with the recommendation as it pertains to the Forest Service.

Page 14, 2nd paragraph, 3rd sentence: item (1) - add after "..designing " ",testing".

Page 15, Table 1.1: An error exists under the Forest Service - Lands managed column - the wording should be "155 national forests and 20 grasslands in 44 States and Puerto Rico." Believe the rest of the material should have been put with the National Parks.

Page 16, 1st sentence: Add "test ways to" after the first "to" in the 1st line.

Page 17, 1st full paragraph, 1st line: replace "provide" with " test fees as a source of".

Page 17, - Footnote 7: add to end of second sentence - ".. at designated fee demo projects. (not all existing fee locations are under fee demo)."

Page 18, 2nd full paragraph 1st sentence: add "and test" after "develop".

Page 19, bottom paragraph: Part of the "Golden Passports," Golden Age and Golden Access passes offer free entry where Golden Eagle Passports are accepted. Unlike Golden Eagles, they offer a 50 percent reduction in user fees charged for facilities and services, like camping, swimming, parking, and boat launching. People age 62 and older can buy a lifelong Golden Age Passport for \$10. People who are blind or permanently disabled can receive a lifetime pass free of charge.

Page 26, Drop 3rd sentence in 1st paragraph: (see p. 3 comment.)

Page 26, 1st paragraph general comment: - See earlier p. 3 comment.

Page 26, 2nd paragraph, 1st sentence: change to "...to begin testing the collection of new and..."

Page 27, 1st full sentence on the page: Change to "The Forest Service and BLM have collected user fees at many of their more developed recreation areas - predominantly for camping, and the Fish and Wildlife Service charged a mix on entrance and/or user fees at about 65 of its sites. The Forest Service was also limited by the L&WCF Act to charging only at sites with certain amenities and still is limited at non fee demo locations."

Page 30, Footnote 12: add after .."Eagle" the following "and Golden Age passports are sold..."

Page 33, last sentence: Add after "..add" "existing fee"

Page 34, 1st paragraph: add new sentence before last sentence. "However, a large number of potential fee sites still exist in other Agencies - especially the Forest Service which has maybe 10% of its potential in the current fee test". " This is important because most of the Forest Service potential is in the new fee area, not in converting existing fees systems to fee demo.

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Page 37, 1st paragraph, 4th sentence: Change to read - " In comparison, the Forest Service has included only 2 such sites in the test (others exist but are not in the test), and neither the BLM nor the Fish and Wildlife Service included any sites with revenues above \$1 million."

Page 38, 1st para, second sentence: spell out the Agency specific splits - (NPS 17%, Forest Service 60% etc.). Misleading when aggregated.

Page 38, 1st paragraph, last 2 sentences: Much of the "potential" for the Forest Service depends on longer term, broad based, integrated implementation of what is being learned at the local project level. It is premature to consider moving significant levels of funds from project to project. Such action could be very damaging to local management incentives as well as public perceptions of the fee program.

Page 46, footnote 22: Each Forest Service demonstration site selected had to complete the following minimum requirements before fee implementation: a local communication plan, [~~delete approved by the regional forester~~] an initial assessment of the community's position towards the proposed fees, a business plan framework, **all approved by the Washington Office**; identification of the site.....

Page 52, top paragraph, second sentence: Criteria for site selection for the Forest Service was to choose a broad range of projects, from small to very large, with potential to test a wide variety of fee structures, locations, and other factors. Last sentence - we do not object to granting the Agency flexibility to retain say 50-95 percent at the local project level - a range of choice would be critical to allow the opportunity to tailor local incentives to the local situation.

Page 57, 2nd line: Typo. demonstration sites

Page 57, last sentence: Change to read " Data for the first 6 months of fiscal year 1998 indicate that an even higher...." Earlier statement sounded like the Agencies couldn't get their act together - which was not the case.

Page 59, Add at end of main paragraph. "Expanding fee authority to all potential sites would also partially address the equity issues raised."

Page 61 and associated section (Expenditures May Not Reflect Agencies' Greatest Needs): This section raises two issues: first, a new (and warranted) discussion about equity and how agencies set priorities to determine project sites. The Forest Service chose sites based largely on testing a wide variety of kinds of fees, at a variety of kinds and sizes of projects. Potential project managers nominated themselves, almost exclusively at sites where (perceived or actual) budgets were dire (desperate?) compared with recreation program needs. If given the chance for additional projects, we might well use a needs assessment based on Meaningful Measures (see next paragraph) as criteria for selection.

Second, this section raises the concern over setting quality standards for recreation programs so forests, parks, refuges, etc. have a systematic measure of fiscal needs and budgetary goals. We were disappointed to see that the final draft made no mention of our Meaningful Measures approach to setting quality standards for recreation program needs on forests.

Now on p. 34.
See comment 2.

Now on p. 45.
See comment 2.

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Now on p. 55.
See comment 2.

We heartily agree with the last paragraph on **page 62** that any change to the 80 percent requirement would have to be balanced against the need to maintain incentives at fee collecting units, and maintain the support of visitors. Fee demo managers must continue to have that incentive and enjoy public acceptance, otherwise most would feel that the intense increase in workload and scrutiny wouldn't make the program worthwhile. We also would hope that the emphasis here remains on HIGH REVENUE sites only.

Page 65, first full paragraph: Please add a sentence that says: **For instance, about 350 vendors sell passes for the Adventure Pass project on four southern California forests.**

Now on p. 62.
See comment 3.

Page 70: We are sorry to see that further examples of cooperation were deleted from the Statement of Facts. We certainly agree that we can do more in the way of cooperation with other agencies, but feel that the original listing of cooperative projects would have been useful to readers who are looking for a few additional examples.

Page 74, Oregon Coastal pass discussion: - Premature to put in the anticipated fee amount - suggest dropping that sentence. Negotiations are not complete.

Page 82: There would only be incentive to perform such a review, or for local projects to find ways of better coordinating, if we have an extension to the program.

Page 94, last paragraph, second sentence: replace "customer satisfaction" with "recreation".

Page 96, second paragraph: Discussion of effects on low-income visitors -- The Forest Service has written a decisional document called a *Civil Rights Impact Analysis*, a copy of which we sent to John Scott, GAO Senior Evaluator. The document discusses the need for better documentation of impacts of the fee demo program on low-income and ethnic populations, the need for mitigating activities to offset impacts, and asks agency leadership for a decision on alternatives requiring fee demo sites to collect demographic data and offer mitigating activities.

GAO Comments

The following are GAO's comments on the Department of Agriculture's letter dated October 2, 1998. The Department generally agreed with the findings, conclusions, and recommendations of the report, but provided several clarifications and technical points that were incorporated into the report as appropriate. Within the letter, there are three key points on which we provide the following comments.

1. We agree that there are vast recreational opportunities available on lands administered by the Forest Service and that the agency has the potential of raising significantly more in fee revenues to maintain site resources and enhance the services and facilities available on these lands. This is supported by the agency's estimate that its visitation is about three times as great as the Park Service's.
2. The Forest Service raises several points on our matter for congressional consideration about modifying the current requirement that 80 percent of the fee revenues be spent at the collecting units to provide the agencies with greater flexibility to spend the revenues on the agencies' highest-priority needs. Our analysis and conclusion that greater flexibility could be beneficial were based on the spending at high-revenue sites, where, in the long term, the sites may be able to use increased revenues to address most or all of their critical needs. In these cases, making 80 percent of the revenues available to the collecting sites may result in sites spending money on relatively low-priority items compared with the needs of other sites within the agency. Therefore, in the long term, greater flexibility may permit the agency to better address its highest-priority needs at all sites. Nevertheless our matter for congressional consideration notes that any change to the 80-percent requirement would have to be balanced against the need to maintain incentives at fee-collecting units and to maintain the support of the visitors.
3. We did not delete examples of cooperation among the agencies that had been part of a "statement of facts" that we provided to and discussed with the Forest Service. After we received the agency's comments, we discussed this concern with the key focal point for the fee demonstration program in the Forest Service. He indicated that the agency may have made this comment in error.

Major Contributors to This Report

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Related GAO Products

National Park Service: Efforts to Identify and Manage the Maintenance Backlog ([GAO/RCED-98-143](#), May 14, 1998).

Forest Service: Barriers to Generating Revenue or Reducing Costs ([GAO/RCED-98-58](#), Feb. 13, 1998).

National Park Service: Maintenance Backlog Issues ([GAO/T-RCED-98-61](#), Feb. 4, 1998).

National Park Service: Employee Housing Issues ([GAO/T-RCED-98-35](#), Oct. 29, 1997).

Park Service: Managing for Results Could Strengthen Accountability ([GAO/RCED-97-125](#), Apr. 10, 1997).

U.S. Forest Service: Fees for Recreation Special-Use Permits Do Not Reflect Fair Market Value ([GAO/RCED-97-16](#), Dec. 20, 1996).

Comments on H.R. 2107 ([GAO/RCED-96-189R](#), June 11, 1996).

National Parks: Difficult Choices Need to Be Made About the Future of the Parks ([GAO/RCED-95-238](#), Aug. 30, 1995).

National Park Service: Better Management and Broader Restructuring Efforts Are Needed ([GAO/T-RCED-95-101](#), Feb. 9, 1995).

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