

A Long-term Look at the Fiscal Condition of California State Parks

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An Overview of the State Park System

The State Park System (SPS) currently consists of 278 units encompassing over 1.5 million acres. It includes 300 miles of California's coastline and 800 miles of other waterfront. Over the past several years the System has served 75-80 million visitors each year.

It may be helpful to think of our State Parks as small communities with all the demands such communities face. Our parks have water supply systems, sewage systems, roads, buildings, and public safety needs (law enforcement, fire prevention and suppression, emergency medical services, etc.) We also educate and inspire hundreds of thousands of school children (and their parents) every year.

The System includes almost 15,000 campsites, 2,700 miles of roads, 5,100 buildings (including 1,500 historic structures), 19,000 picnic tables and over 5 million feet of fencing.

Parks operates this large diverse system using roughly 2,400 permanent positions plus 5,700 temporary and seasonal employees.

2009-10 Budget

State Parks' General Fund took three reductions for the 2009-10 fiscal year. (See the attached Fact Sheet.) First, the Legislature reduced funding by \$8 million. The Governor then vetoed an additional \$6.2 million. Finally, the Legislature eliminated funding for inflation adjustments which reduced our budget by another \$1.8 million. These total \$16 million and represent more than an 11 percent cut in General Fund support.

Parks' budget also lost funding from three other sources: tobacco tax revenues are down which cost the Department \$2.4 million in Public Resources Account support; three days of furloughs a month will reduce the work we can do by roughly \$12 million; and, revenues lost from park closures could total roughly \$10 million.

The total reduction for 2009-10 is thus roughly \$40.4 million or over 16 percent of State Parks' core operating budget (i.e., General Fund and earned revenues from fees and concessions).

There will be additional reductions in 2010-11 of \$8 million General Fund and another \$5 million in foregone revenues. This brings the two-year reduction to almost \$54 million.

The Role of the General Fund

State Parks receives funding from several sources, but the General Fund and the State Park and Recreation Fund (SPRF) provide the vast majority of our operating budget. SPRF revenues come primarily from visitor fees and concession revenues.

Figure 1 shows that the General Fund share of Parks' support has declined over time in favor of visitor fees. Over the past 30 years, Parks' has moved from being almost entirely funded by the General Fund (prior to the 1980's) to depending on visitor fee revenues for half or more of our operating budget (during the 1990's and most recently). (The "spike" in 2000-2002 reflects a short-lived effort to cut our fees in half and replace them with General Fund.) The reductions for 2009-10 and 2010-11 continue this pattern.

Recreation "Demand" vs. Operating Resource "Supply"

The demand for recreation and preservation drives State Parks' costs. Demand can be measured using several factors including the number of visitors we receive and the number of acres we manage. Both of those factors are, in turn, driven by population growth. As California's population grows, so too does the size of the System and its number of visitors.

On the other side of the supply/demand equation, State Parks' ability to satisfy these demands depends primarily on our staffing levels. Currently, the costs of rangers, maintenance workers, lifeguards, scientists, accountants, personnel specialists, et al., both permanent and seasonal, make up better than 80% of our operating budget.

Figure 2 looks at the change in the "demand" factors compared to the change in the "supply" factor. It compares the growth of California's population, the increase in State Park System acreage, and the increase in State Park visitation to the change in our authorized personnel-year (PY) count over the past 30 years. The results are striking.

Solid lines in **Figure 2** represent the "demand" factors:

- Population has increased 68%
- System acreage is up 48%, and
- Visitation has grown 41%.

The dashed line in **Figure 2** represents the "supply" side:

- Staffing levels have increased only 13%
- This increase is itself somewhat misleading since the majority of the increase in Parks staff results from staff needed to administer various bond programs (both Capital Outlay and Local Assistance) and not from increases in visitor services.
- In fact, 2007 staffing levels are roughly the same as they were in 1988
- The recent reductions will further reduce State Parks staffing probably by several hundred positions

Funding Per Visitor: Another Look at Parks' Funding History

Figure 3 offer another way to look at the history of Parks' funding. It shows our operations funding *per visitor*, adjusted for inflation, since 1987-88. While there has been lots of variability in this measure (which can be a management challenge in itself), the long-term trend is unfortunately clear: Parks faces declining funding over time, probably as a result of competing with education, health services, and corrections for a relatively fixed pot of General Fund support. Those acute needs seem to regularly outweigh Parks' more chronic

needs during the annual budget cycle. This is especially true for 09-10, not shown on the chart, where we have taken significant General Fund reductions.

Efficiency Gains and Deteriorating Services

Much of what is shown in **Figures 2** and **3** reflects tremendous increases in State Parks' efficiency over the years. We have long worked to squeeze more and more service out of our limited resources. For example, in the early 1990's, the Department eliminated an entire level of middle management and cut over 500 positions while not closing parks or cutting other direct services.

But efficiency can only go so far. At some point service quality begins to degrade. For Parks, this degradation shows up most clearly in our lack of maintenance funding and in the resulting deterioration of our facilities and services.

Ongoing vs. Deferred Maintenance

"Ongoing Maintenance" is comprised of maintenance tasks which must be completed on a regular cycle (daily to yearly) in order to prevent the decay of our facilities and systems. Regular painting, cleaning roof gutters, and clearing drainage systems are all examples of ongoing maintenance. Failure to complete these tasks on schedule can result in damage.

"Deferred Maintenance" is comprised of tasks necessary to repair the damage which results from inadequate ongoing maintenance. Deferred maintenance usually costs more than ongoing maintenance (and sometimes lots more.) For example, if we don't paint our buildings and keep their gutters clean, then eventually we have to replace the buildings' walls and roofs (if not the entire building).

Based on its computerized maintenance tracking system, Parks estimates that it would cost roughly \$185 million annually to perform all required ongoing maintenance. Parks 08-09 budget provided roughly \$67 million for ongoing maintenance. Parks would have needed nearly \$120 million annually above and beyond last year's budget in order to complete all necessary maintenance. (Instead, as noted above, Parks' budget was markedly decreased for 09-10.)

That annual \$120 million shortfall may make it easier to understand why Parks backlog of deferred maintenance totals more than \$1.2 billion. Declining funding coupled with a commitment to maintain service levels has, in effect, been offset by reductions in the value of our capital stock.

Partnerships, Volunteers

No review of State Parks' fiscal situation would be complete without citing the vitally important role played by our partners and our volunteers: the concessionaires and cooperating associations which provide so much to our visitors' experiences:

- Parks has over 160 contracts with concessionaires providing visitor services such as lodging, dining, marina services, and retail sales. In 06-07 those

concessionaires paid more than \$11 million in rent to State Parks based on gross sales of almost \$90 million.

- Parks also partners with 82 cooperating associations which serve most of the 280 state parks. These associations, with more than 25,000 members, provide critical funding for educational and interpretive needs that are otherwise impossible for state parks to meet. These “co-ops” contribute more than 9 million dollars annually to fund critical staff positions, exhibits, visitor center developments, junior ranger and nature walk programs, living history demonstrations, special events and many other projects.
- Parks also benefits from the services of more than 20,000 volunteers who collectively provided over one million hours of work in 2008 at a value of \$21.5 million.

Parks Economic Role

Parks also plays a vital role in local economies statewide attracting tourists and their dollars to local communities. As a result, previous studies have shown that every General Fund dollar spent at State Parks returns \$2.35 in revenues to the state.