

# Budget Considerations

*Jim Giammo*

## Background

The National Park Service gets almost all of its funding from federal appropriations. The Service's request for appropriated funds for fiscal year 2009 is \$2.43 billion, which it will use to operate 391 parks receiving approximately 275 million visits, and to help support a variety of resource conservation and recreation programs and projects outside the national park system. (For the purposes of this overview any comparisons including FY 2009 budget figures use this requested amount, acknowledging that it is still subject to change by Congress.)

The NPS request for 2009 is 77% higher than comparable amounts from 16 years ago, but only 11% higher than comparable amounts from 8 years ago, reflecting how these amounts can vary widely from one administration to another. These figures do not include adjustments for inflation and pay raises.

The Service receives its appropriated funds through several different accounts. The largest account (currently about 87% of the total) is appropriated for "the operation of the national park system" (ONPS). This account has grown by a larger percentage than the total appropriations, but that growth has been funded largely by reductions in the other accounts—construction, federal land acquisition, and the accounts used for assistance to other governmental or nonprofit entities. Between 2002 and 2009, as the ONPS account increased by \$580 million, these non-ONPS accounts were reduced by \$509 million.

Even though the ONPS account has increased over the years, the annual increases have not risen in a steady pattern, but have fluctuated from an almost 12% increase in FY 1994 to an actual dollar decrease in FY 1995. This variance disrupts planning and budgeting at the park level in many ways, for example, by requiring managers to take money from management priorities to pay for mandated pay raises in those years when the rate of increase does not cover them, or by causing the deferment of hiring for vacant positions.

Most of the increase in the ONPS budget over the past 16 years has gone to costs over which the National Park Service has no control. More than half (52%) of the increase has been consumed by inflation and mandated cost-of-living pay increases. Well over a third (37%) has gone to the increased cost of maintaining facilities, increases in staff pay grades (reflecting the growing need for technical skills), increases in the costs the Service pays to other agencies for things like space rental and unemployment compensation, changes to the federal retirement system, and measures to protect the "icon" parks from terrorism. A relatively small amount (3%) has gone to startup costs for new units, mostly

small historic sites. Almost all the remaining 8% has been used to fund the Natural Resource Challenge.

Park managers report that they still have a substantial operational funding gap. Requests in the NPS budget system from superintendents currently total \$775 million more in annual funds than are currently available to run the parks. In 2001 the National Parks Conservation Association (NPCA) utilized data collected through their help in developing business plans at certain individual parks to estimate that a \$600 million annual boost was needed to bring operations at all park units up to what managers considered to be an acceptable standard of service. The NPCA has recently adjusted this estimate to \$759 million as of FY 2008, having factored in the effects of inflation and the offset of appropriated increases.

The National Park Service has been able to take care of some of its operational needs through an authorization allowing it since FY 1997 to retain entrance fees and various use fees to fund mostly maintenance (58% of these fees have been allocated for this purpose), interpretation, habitat restoration, and law enforcement projects. Similar authority was provided to retain concession franchise fees in FY 1998. In FY 2009 these two fee sources are estimated to provide parks a total of \$234 million. Most (80%) of the money from these fees remains with the collecting park, while the remainder (20%) is distributed at the discretion of the NPS director for servicewide priorities; this means that not all of these funds necessarily go to where the greatest servicewide needs exist.

Backlogs in areas other than park operations appear even greater. The public use of the parks is currently supported by 7,590 public and administrative buildings (visitor centers, restrooms, ranger stations, maintenance shops), 26,000 historical structures, 5,300 employee housing units, and 680 water and waste systems. The backlog of major construction work to maintain and replace these facilities is well over \$2 billion. Yet the FY 2009 construction appropriation request is for only \$90 million to fund projects. At this pace, it would take over 20 years to eliminate just the current backlog, even if inflation and continuing deterioration were not considered. The total NPS deferred maintenance backlog is estimated to be between \$6 billion and \$13 billion, according to the FY 2007 NPS Accountability Report.

Though road and bridge construction and maintenance is better funded—at \$240 million in FY 2009 through the Federal Highway Trust Fund managed by the Federal Highway Administration—the 5,450 miles of paved roads, 6,544 miles of unpaved roads, and 1,679 bridges, culverts, and tunnels are estimated to be deteriorating at approximately 2% a year of their replacement value of \$20.6 billion. NPS roadwork would have to be funded at a \$412 million annual level to keep all its roads and bridges in good condition.

Federal land acquisition has been funded at historically low levels in the past five years. The 2009 request for acquisition of tracts for incorporation into existing

units of the national park system totals \$5 million, though requests from the NPS regional directors total \$590 million. The request includes \$2 million toward the purchase of inholding areas within park units, though the value of these tracts is estimated to be \$329 million.

## Challenges and Opportunities

### *Funding Sources and their Adequacy*

Although there is consensus that the National Park Service needs significant increases beyond the rate of inflation to fulfill its current mission, and that the funding mix for the National Park Service should include federal appropriations, fees from people who visit the parks and use the services provided, fees from concessioner operations, and donated funds or services, there is no agreement as to how much dependence should be placed on each sector. Currently annual support from user and concessioner fees is about 8% of total NPS funds (including those managed by the Federal Highway Administration for roadwork), donated funding is about 1%, and volunteer efforts are valued at about 3.3%.

Federal appropriations are confined by administration or congressional funding ceilings and spending caps, especially during political cycles that require stringent reductions in discretionary spending to reduce the deficit, or that require huge resource shifts to other priorities such as the military or health reform. These cycles tend to prevent significant long-term increases to the budget of any individual bureau, such as the National Park Service, regardless of need. Each year, the Service is forced to compete with other bureaus in the Department of the Interior, such as the Fish and Wildlife Service and the Bureau of Indian Affairs, and with other agencies, such as the Forest Service, that are funded by the same congressional appropriation subcommittee. Any gains by the National Park Service are generally offset by losses in other agencies and bureaus, and vice versa. Appropriated funding for the Department of the Interior is about the same level as it was in FY 2003 and 2004.

Other funding sources come with their own sets of problems. An increase in fee rates brings the potential of decreasing visitation, especially by those in lower income brackets. Partners or donations can be unreliable sources of support for continuing operations and introduce a potential danger or perception that a project or facility might entail a quid pro quo or commercialization to the detriment of resource protection.

### *Prioritizing Needs*

Given a disparity between the level of funding that the National Park Service receives and what it needs to meet its mission, it is important that funds be allocated in a methodical way based on servicewide priorities. Although the Service has many systems that catalog needs by either park or category (such as construction, maintenance, natural resources, cultural resources), there is no long-term, administration-bridging focus on prioritizing among competing needs.

Various interests advocate for various priorities: put more personnel on the ground in the parks, fix depreciating infrastructure, increase research to better target preservation activities, add new areas, provide more help to external partners. Many of the challenges identified in the companion reports to the commission are budget concerns for programs whose various activities must be prioritized within the Service and the parks.

#### *Accountability*

Under the current budgeting structure of the National Park Service, funding increases are often requested for particular program initiatives, then passed to the parks, where they become part of the park's operating budget and are sometimes reallocated as part of the park's internal priority setting. For example, funds passed to a park as part of a servicewide initiative to improve the inventory and monitoring of nonnative plants may be partially or wholly reallocated by a superintendent to fund the operation of a new visitor center, whose construction was funded by Congress but without any operational funding provided. Such conflicting pressures on superintendents are common, and these quandaries are often resolved by satisfying the most immediate problem at the expense of long-term risk management. Although the Service has performance tracking systems, it currently lacks a servicewide system that would hold program managers in the headquarters and regional offices and superintendents in the parks accountable for reaching the same common goals.

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Jim was Deputy Comptroller of the NPS from 2001 through 2005. He was Budget Officer of the National Park Service (NPS) for 17 years from 1988 through 2005. He retired with 23 years of experience in NPS budgeting. He was born in New York City during the war and graduated from Georgetown University with a BA in Government.