

**STATEMENT OF P. LYNN SCARLETT,
ASSISTANT SECRETARY FOR POLICY, MANAGEMENT AND BUDGET,
DEPARTMENT OF THE INTERIOR,
BEFORE
THE SUBCOMMITTEE ON NATIONAL PARKS OF THE
SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES,
CONCERNING
S. 1107, TO ENHANCE THE RECREATIONAL FEE DEMONSTRATION PROGRAM FOR THE
NATIONAL PARK SERVICE.**

SEPTEMBER 9, 2003

Mr. Chairman, thank you for the opportunity to present the Department of the Interior's views on S. 1107, a bill to enhance the Recreational Fee Demonstration program for the National Park Service. We thank the Subcommittee for the opportunity to discuss this very important issue.

The Department supports S. 1107 if amended to provide interagency authority and to address other issues identified in this testimony. The recreation fee program is vital to our ability to provide quality recreational facilities and services. It significantly enhances the Department's efforts to support the President's initiative to address the deferred maintenance backlog at our National Parks and enables us to better manage other federal lands. Authorization of a permanent program would allow the agencies to better serve visitors by making long-term investments, streamlining the program, and creating more partnerships.

Our federal lands boast scenic vistas, breathtaking landscapes, and unique natural wonders. On these lands, many patriotic symbols, battlefields, memorials, historic homes, and many other types of sites tell the story of America. Federal lands have provided Americans and visitors from around the world special places for recreation, education, reflection and solace. The family vacation to these destinations is an American tradition. We want to ensure that the federal lands continue to play this important role in American life and culture. Fulfilling this mission requires that we maintain visitor facilities and services, preserve natural and historic resources, and enhance visitor opportunities. Such efforts require an adequate and steady source of funding.

Although recreation fees date back to 1908, Congress first established broad recreation fee authority in 1965 under the Land and Water Conservation Fund Act (LWCFA). In enacting this authority, Congress acknowledged that the visitors to federal lands receive some benefits that do not directly accrue to the public at large and that charging a modest fee to that population is both equitable and fair to the general taxpayer. In 1996, Congress took that idea one step further when establishing the Recreation Fee Demonstration (Fee Demo) program for the National Park Service (NPS), the Bureau of Land Management (BLM), the U.S. Fish and Wildlife Service (Fish and Wildlife Service), and the U.S. Forest Service (Forest Service). During the 105th Congress, a House Appropriations Committee Report noted that the Fee Demo program was developed in direct response to the federal agencies' concern over their growing backlog maintenance needs. Thus, the Fee Demo program allowed participating agencies to retain a majority of recreation fees at the site collected and reinvest those fees into enhancing visitor facilities and services. This authority was deliberately broad and flexible to encourage agencies to experiment with their fee programs.

Our testimony today and suggested amendments to S. 1107 are the result of a great deal of analysis and discussion through the Interagency Recreation Fee Leadership Council (Fee Council), which was created last year to facilitate coordination and consistency among high level officials of the Department of the Interior and U.S. Department of Agriculture (USDA). These concepts were developed from the lessons we have learned in administering the Fee Demo program.

S. 1107 would authorize the Secretary to establish, modify, charge and collect recreation fees for the National Park Service, provided that they meet certain criteria. We agree with these criteria, as they are

similar to the guiding principles espoused by the Department. Through the Fee Council and in testimony before this Committee last Congress, the Department identified seven principles that are critical to a successful fee program. These guiding principles indicate that fees should be: 1) beneficial to the visiting public; 2) fair and equitable; 3) efficient; 4) consistent; 5) implemented collaboratively; 6) convenient; and should 7) provide for accountability to the public. The Department has committed to applying these guiding principles to any administrative or legislative effort concerning the recreation fee program.

An Interagency Recreation Fee Program

S. 1107 would authorize recreation fee authority for NPS. The recreation fee program has been a key component in the National Park Service's ability to provide a quality visitor experience. In FY 2002, NPS collected \$125.7 million in recreation fee demonstration revenue and obligated \$101.9 million or 81 percent of the total for projects that include addressing the deferred maintenance backlog, rehabilitating historic structures, encouraging volunteer services through the Public Land Corps, providing accessibility to visitors with disabilities, protecting natural resources, improving interpretive exhibits, and enhancing the safety of the visitors. In addition, NPS collected \$21.7 million from the National Park Passport and other recreation fees. Over the life of the program, NPS has approved \$457 million in projects to address the deferred maintenance backlog. NPS also has made efforts to continually improve the administration of the recreation fee program by implementing software upgrades, automated technologies for fee collection, and modern banking systems, and seeking out opportunities to collaborate with other agencies. NPS is improving its ability to target recreation fees to the highest priority projects by monitoring and prioritizing ongoing maintenance needs through the establishment of the Facility Management Software System.

Mr. Chairman, we appreciate the strong support and that this Subcommittee has given to the National Parks. We agree that the National Park Service has built a successful program and deserves a permanent recreation fee program. Experience has shown us, however, that an interagency fee program makes sense and would significantly enhance our ability to serve the American public at recreation sites on national public lands. We have found that the visiting public does not distinguish between lands managed by different federal agencies. Enhancing coordination among agencies is extraordinarily important in creating a sensible, efficient, and coherent fee program with seamless services that is well-understood by the public. Thus, a critical component of the Department's support of S. 1107 is that it be amended to provide for interagency recreation fee authority.

The basis for establishing a recreation fee program for National Parks also exists for other federal agencies. The pattern of recreation on our federal lands has changed dramatically. National Parks continue to be a destination favorite for American families. However, more than ever before, Americans also are choosing to recreate on lands managed by other federal agencies such as BLM and the Fish and Wildlife Service. Since 1985, recreation demand has increased approximately 65 percent on BLM lands and 80 percent on National Wildlife Refuges. Over the same time period, the Bureau of Reclamation estimates an increase of 10 million recreation visits for a total of 90 million visits to their 288 lakes. With this increase in visitation is an increase in visitor demand for adequate visitor facilities and services. Because our visitors do not distinguish among federal land management agencies, many expect to find the same amenities typically provided at National Parks, including hosted campgrounds, permanent toilet facilities, and potable drinking water. This increase in visitor use on these other federal lands also creates a greater need to expend funds to protect natural and cultural resources—the resources that are often the very reason visitors are drawn to the particular site.

Although the geographic and logistical characteristics of some locations make the collection of recreation fees easier than for others, we believe that the relevant policy question of whether recreation fee authority should be given to an agency is whether the visiting public would benefit from enhanced recreation facilities and other visitor services that would result from such fees being charged. Visitors to these other Department of the Interior lands, as well as lands managed by other agencies, such as the U.S. Forest Service, in other Departments have and should continue to benefit from enhanced facilities and services.

Through the Fee Demo program, BLM and the Fish and Wildlife Service have invested recreation fees to meet visitor demands and improve the recreation experience. For example, the BLM's Lake Havasu Field Office in Arizona has used recreation fees to replace 50 leaking and deteriorating fiberglass outhouses with 36 block wall accessible restrooms. Recreation fees also contributed to the installation of 700 feet of river bank block walls, which will help protect the newly constructed restrooms as well as stabilize the campsites' eroding shoreline. The Fish and Wildlife Service also has used fees to offer some unique opportunities to visitors. At California's Modoc National Wildlife Refuge, the Fish and Wildlife Service used recreation fees to benefit hunters and photographers by replacing an old hay bale blind with a new wooden, more accessible hunting and photo blind, complete with access ramp. At the National Elk Refuge, the Fish and Wildlife Service collects an Elk hunt permit recreation fee of \$1 per hunter at the weekly hunter drawings in October, November, and December. These recreation fees are used to rent a fair pavilion building from the county to conduct refuge hunt orientation and permit drawings at the beginning of each hunting season. Hundreds of hunters attend each year. In addition, the modest recreation fee allows the Fish and Wildlife Service to purchase retrieval carts and sleds for the hunters' use and shooting sticks to encourage ethical hunting.

A New Annual Interagency National Pass

S. 1107 would allow for modifications of the National Park Passport. For reasons that include those above, we propose creating a new annual interagency pass that would expand the National Parks Passport to cover all participating agencies and would consolidate the Golden Passes established under the Land and Water Conservation Fund Act. We believe that the National Park Passport developed by Senator Thomas a few years ago is an excellent model for such a program. We would like to expand on its successes -- the image competition as well as the modern marketing techniques, and innovative, administration provisions. By consolidating these passes, the interagency pass would decrease visitor confusion about passes and shift the emphasis to recreation opportunities on our federal lands rather than an agency-centric view. We envision that the interagency pass would be provided to seniors at substantial discounts and to persons with disabilities free of charge. The interagency pass would retain the look and program qualities of the National Park Passport, and we would work to maintain the stream of revenue to NPS. As relevant data are collected, the distribution formula of interagency pass revenues would be periodically reevaluated through the Fee Council.

Standardizing Recreation Fees and Minimizing Fee Layering

S. 1107 would direct the Secretary to establish the minimum number of fees and avoid fee layering where possible. The Department supports this goal. One problem that has led to increased fee layering is the absence of clear definitions of what activities are covered by "entrance" fees and those that are covered by "use" fees. This issue has been complicated by historical fee definitions in the LWCF and differences among agencies in legislative fee authorities. The result has been that, at some sites, a use fee was established rather than an entrance fee, and at other sites, an additional use fee was charged for the primary attraction of the site when the activity should have been covered by an already-paid entrance fee. The lack of consistency among and within agencies has led to visitor confusion and some expression of frustration about fee layering and the related issue of when the Golden passes and the National Park Passport may be used.

In the Department's testimony before this Committee during the 107th Congress, we proposed addressing these concerns by creating a new system of "basic" and "expanded" recreation fees that would be consistently applied across all agencies and would minimize fee layering by ensuring that the basic fee covers the primary attraction of the site. Under this system, restrictions would be put in place to ensure that the visiting public would not be charged if the agency is not making a certain level of investment in visitor services. All passes established under this system would have covered the basic recreation fee at all sites.

The Department and USDA have moved forward to administratively implement such a system. Although we are retaining the LWCF terminology, the agencies are making adjustments to standardize the

classification of fees to decrease visitor confusion about the passes and minimize fee layering. For example, the Forest Service is expanding and clarifying the benefits of the Golden Passes to include 1800 additional sites. The previous pass policy at those sites was extremely confusing: the Golden Eagle Pass was not accepted, Golden Age and Access passholders were given a 50 percent discount, while a regional pass, the Northwest Forest Pass, was accepted in full. While NPS currently accepts passes at a majority of its fee sites, six sites that established use fees for the primary attraction to the site now accept passes. In addition, NPS is evaluating 14 sites where use fees should possibly be converted to entrance fees and passes should be accepted.

The Department would like to make as many efforts as possible to streamline the recreation fee system. However, our experience has shown that eliminating all fee-layering or what might better be thought of as tiered fees is neither fair nor equitable, especially for specialized services such as camping, reservations, enhanced tours, or group events. The notion behind charging a fee beyond the basic recreation fee is that certain recreation activities require additional attention by agency staff or involve costs that should not be borne by the general public through taxpayer funds or by the rest of the visiting public through the basic recreation fee. The system must balance fairness and equity principles by carefully considering the relationship between who pays and who benefits.

Another important consideration is fee levels. The Department is committed to reevaluating the recreation fees charged and their impact on low- and middle-class visitors. First, recreation fees represent a small percentage of the out-of-pocket costs that an average family spends on a typical vacation. Second, recreation fees are reasonable in comparison to those charged at other recreational activities. For example, in Jackson Hole, Wyoming, a family of four would pay \$20 for a seven day pass to both Grand Teton National Park and Yellowstone National Park. In contrast, in Jackson Hole, the family would have to pay approximately \$408 for two snowmobiles for a single day and \$27.50 for 2-3 hours of entertainment at a movie theatre.

Partnerships with States and Gateway Communities

S. 1107 would authorize the Secretary to enter into agreements with public and private entities for visitor reservation services, fee collection or processing services. The Department supports this provision as it would allow us, among other things, to more vigorously seek out opportunities to engage gateway communities through the recreation fee program. Such efforts are consistent with Secretary Norton's "Four C's" — Communication, Consultation, and Cooperation, all in the service of Conservation. Given our experience with cooperative decision-making within the Fee Demo program, we believe that any future fee program should foster collaborative opportunities.

Through these partnerships, the Department and gateway communities can work together to promote tourism and to better serve visitors. One example of the type of partnership that could flourish under a permanent recreation fee program is the Sand Flats Agreement entered into in 1994 by BLM and the gateway community of Grand County, Utah. Sand Flats is a 7,000-acre BLM recreational area outside Moab, Utah. It is highly popular, particularly with mountain bikers. In the early 1990s, its popularity increased so much that the BLM was no longer able to manage and police the area. Looking for a creative solution, BLM entered into a cooperative agreement with the county under which the county would collect recreation fees and use them to manage and police the highly popular recreational area. The county and its citizens have benefited from a more vigorous tourist trade; the BLM now has a signature recreation area; and visitors can safely enjoy the Sand Flats area. We believe that the Sand Flats Agreement is an excellent model of a mutually beneficial partnership and that the opportunity to craft these types of agreements exists across the country. With a permanent recreation fee program, we will be better able to make the necessary investments to identify and move forward on such opportunities.

S. 1107 would authorize the Secretary to enter into revenue sharing agreements with states to accept their state annual passes at National Parks and would direct that the NPS' share of the fees be distributed equally to all NPS units in the states that are party to the revenue sharing agreement. The Department recommends amending this provision. While we support the creation of passes that might allow entry to

both state and federal recreation sites, the provision as drafted presents a number of problems. To be viable from a business perspective, a combined federal-state pass would have to be priced to capture the appropriate level of value from both state and federal systems. Unless the pass is priced appropriately, simply splitting the total revenues collected based on the price of existing state passes is likely to result in a net loss for both federal and state parties – the pie will be smaller for both federal and state parties. In addition, this provision would break the direct link between the site of collection and the site where a majority of the fees are expended. This link has served as the rationale for the recreation fee program and is strongly associated with the public's support of fees. Acceptance of a state pass to federal lands also presents valuation complications, including impacts on the value of federal passes, varying pricing and benefits of different state passes and related equity concerns with regard to residents of different states.

The Department would prefer creating partnerships with states through a more flexible provision that would authorize cooperative agreements for regional multi-entity passes. Providing visitors and residents of nearby communities with a well-structured, appropriately priced, regional multi-entity pass would avoid these problems while allowing for benefits that could extend to other federal, state, and private entities. Recognizing that recreation areas and the visitors who enjoy them do not necessarily follow state boundaries, our experience has shown that regional multi-entity passes offer greater flexibility and can be tailored to meet identified recreational demands. One example of a successful regional pass is the Visit Idaho Playground (VIP) Pass, which covers all entrance and certain day-use fees at a variety of state and federal sites including those under the jurisdiction of the Idaho Department of Parks and Recreation, the Idaho Department of Commerce, the Bureau of Reclamation, USDA Forest Service, NPS, and BLM.

Our proposed provision also could provide for another type of cooperative pass program similar to that provided in S.1107, but with fewer unwanted impacts to both the state and federal recreation fee programs. The Department and USDA are currently considering a program to develop a State Parks hologram upgrade to the Golden Eagle Passport. Under this pilot project, visitors will be given the opportunity to upgrade their Golden Eagle Passports to include an entire state park system for an additional fee. As it is currently being proposed, visitors would purchase a hologram sticker that they can affix to their Golden Eagle Passports, upgrading it to cover a state park system. We should note that a single interagency national pass would streamline these types of regional arrangements. This cooperative pass program has been complicated by the existence of four national passports – the Golden Eagle Passport, the Golden Age Passport, the Golden Access Passport, and the National Parks Passport. Oregon is preparing to offer this optional upgrade for around \$20 beginning in calendar year 2004. We will keep the Subcommittee informed on the development of this innovative pilot program.

Administration of the Recreation Fee Program

S. 1107 would require the Secretary to analyze certain criteria with regard to fee levels, transmit the analysis to Congress, publish notice of the fees in the Federal Register, and then wait 12 months before establishing or changing recreation fees while, at the same time, establish a cap on the cost of collection at 15 percent. This bill also would require the Secretary to submit a report on the status of the recreation fee program to Congress every three years. While we strongly support improving Congressional reporting requirements on this program, we are concerned that the process set forth in S. 1107 would expend unnecessary resources by duplicating existing work that the agencies conduct in administering the recreation fee program and that the cost of collection cap is unrealistic. We would like to work with the Subcommittee to craft reporting and cost of collection provisions that meet the needs of Congress and the public while taking into account agency experience and current efforts to administer the recreation fee program.

Administrative Efforts to Improve the Recreation Fee Program

Through the Fee Council and other efforts, we are continually evaluating and developing responses to the successes and shortcomings of experiments agencies are conducting through the Fee Demo program.

The Department and USDA are moving forward on a number of administrative efforts to improve the recreation fee program including:

- Creating an annual interagency “fee-free” day on National Public Lands Day in September;
- Developing consistent application of the definitions of “entrance” and “use” fees and thus, streamlining and clarifying the acceptance of the Golden passes, as described earlier in this testimony;
- Implementing an interagency system to award volunteers with passes;
- Establishing a single reservation system for all visitors to most federal lands;
- Improving the website www.recreation.gov to include information about recreation fees ; and

Collecting data at National Parks on pass usage to better understand and serve the visiting public.

The Future of the Recreation Fee Program

We have learned a great deal from our experience in administering the Fee Demo program and believe we are ready to translate that experience into a permanent recreation fee program. Delay could result in a lost opportunity to implement a more productive, streamlined recreation fee system that is designed to enhance the visitor’s experience. Establishing a permanent program does not mean the learning ends here. We support a dynamic recreation fee program that responds to new lessons learned and builds on success stories. We believe S. 1107, with the amendments suggested in this testimony, would create such a dynamic program while providing the Department the certainty of a permanent program. A permanent program would allow the Department to make long-term investments, improve efficiencies, and initiate more partnerships. Mr. Chairman, the Department thanks you for your leadership on this issue and looks forward to working with the Subcommittee as S.1107 moves forward.

Mr. Chairman, in conclusion, I would be pleased to answer any questions you or other members of the Subcommittee may have.