

**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  
THE NATIONAL PARK SERVICE'S IMPLEMENTATION OF THE FEDERAL  
LANDS RECREATION ENHANCEMENT ACT AUTHORIZED IN PUBLIC LAW  
108-447.**

February 17, 2005

Mr. Chairman, thank you for the opportunity to discuss the National Park Service's implementation of the Federal Lands Recreation Enhancement Act (Public Law 108-447) (FLREA). Since the bill was signed into law by President Bush on December 8, 2004, as part of the Omnibus Appropriations Act of 2005, the Department of the Interior (DOI), the U.S. Department of Agriculture (U.S.D.A.) and the participating agencies — the National Park Service (NPS), the Bureau of Land Management (BLM), the U.S. Fish and Wildlife Service (FWS), the Bureau of Reclamation (BOR), and the U.S.D.A Forest Service (Forest Service) — have begun the implementation process. Implementation of the law is a multi-agency, multi-Departmental effort, but the National Park Service will play a prominent role, given its long history of building a successful recreation fee program and its experience in administering the National Parks Pass.

Our federal lands provide Americans and visitors from around the world special places for recreation, education, reflection, and solace. Ensuring that the federal lands continue to play this important role in American life and culture requires that we maintain visitor facilities and services and enhance visitor opportunities. Such efforts require an adequate and steady source of funding that can quickly respond to increases in visitor demand. Recreation fee revenues are a critical source of such supplemental funding. FLREA will significantly enhance the Departments' efforts to address the deferred maintenance backlog at our National Parks and will enable us to better manage other federal lands.

Implementation of a well-run and streamlined recreation fee program that maximizes benefits to the visiting public is a top priority for the Departments. On December 17, nine days after FLREA was signed into law, the interagency Recreation Fee Leadership Council (Fee Council) convened and approved an Implementation Plan. The Fee Council, whose members include key officials of both Departments, was created in 2002 to facilitate coordination and consistency among agencies on recreation fee policies. Our Implementation Plan includes the creation of a Steering Committee to oversee day-to-day implementation, as well as several technical working groups for each of the key areas. The Fee Council created the following technical working groups:

- National Pass Working Group
- Fee Collection/Fee Expenditure Working Group
- Recreation Resource Advisory Committees (RAC)/Public Participation Working Group
- Communications Working Group

The Implementation Plan, a dynamic working document, sets forth preliminary implementation timelines by identifying short-term, medium-term, and long-term tasks and designates staff with the lead responsibility to accomplish those tasks. The working groups are drafting guidance, developing detailed action plans, and discussing key issues to ensure compliance with the new law. One of the short-term tasks of the Fee Collection/Fee Expenditure Working Group is to ensure that all sites that charge recreation fees conform to the infrastructure and other requirements of the new law. Although this review continues, the following are examples of sites that have made changes to their fees under FLREA:

- Gavin Point National Fish Hatchery (FWS) no longer charges an entrance fee.
- Arapaho National Recreation Area (Forest Service) no longer charges an entrance fee for the entire area, but may charge a standard amenity recreation fee at localized developed sites.

- At Imperial Sand Dunes (BLM), recreation fees for two overlooks and a trailhead were eliminated.
- Quaker Lake Visitor Center and Lewis and Clark Visitor Center (Forest Service) no longer charge for children under 16 years of age.

Implementation efforts that will require longer timeframes to implement include establishment of RACs and the implementation of the America the Beautiful Pass—National Parks and Federal Recreational Lands Pass (the America the Beautiful Pass). Successful implementation requires that we provide opportunity for public input. The RAC Working Group will need to closely coordinate on the nominations process with states, counties, and the numerous recreational, tourism, and other groups interested in serving on the RACs.

With regard to the implementation of the America the Beautiful Pass, a number of organizations have expressed both interest and concern. We want to ensure that the production, marketing, and provisions of the new pass meet the expectations of the American public and key partners such as the National Park Foundation, our wildlife refuge associations, and others. Because of significant interest by the public and partner organizations, the National Pass Working Group has hosted two “listening sessions” to provide the public and members of the recreation community with an opportunity to share ideas about the implementation of the America the Beautiful Pass. Additional sessions may be scheduled, as needed.

### **Highlights of FLREA**

FLREA provides 10-year, multi-agency authority for NPS, BLM, FWS, BOR, and the Forest Service to charge recreation fees and reinvest a majority of those fees into enhancing visitor services and facilities at the site of collection. A 10-year authorization provides the certainty needed to make long-term investments in an integrated system and create more partnerships. Creating a multi-agency recreation fee program allows us to provide a more

streamlined recreation experience for the visitor and is consistent with other efforts by the Departments to integrate recreation opportunities. FLREA also is consistent with surveys that show that visitor support of recreation fees is strong when the fees are reinvested to enhance visitor facilities and services at the site of collection.

The recreation fee program is not new. All of the agencies with the exception of BOR had broad recreation fee authority under the Land and Water Conservation Fund (LWCF) Act of 1965 as well as under the Recreation Fee Demonstration Program (Fee Demo) launched in 1996. Some important distinctions distinguish FLREA from these earlier authorities. While recreation fees collected under LWCF went to the U.S. Treasury, recreation fees collected under FLREA are reinvested at the collecting site to benefit the visitor through enhanced facilities and services. Unlike the Fee Demo program, FLREA also limits fee authority to locations with specific kinds of infrastructure and services. For example, the BLM, Forest Service, and BOR may only charge fees at sites and for activities that meet certain specified criteria. For these agencies, certain fees may not be charged for general access, dispersed areas with low or no investment, undesignated parking, or picnicking along roadsides or trails. FLREA also requires that the Departments establish RACs so the local community, the recreation community, and the general public can provide input into fees established by BLM and Forest Service. The RAC Working Group has developed an options paper for implementing the RACs and is exploring how to provide interested participants an opportunity to have input into the process.

FLREA recognizes that the recreation fee programs for the NPS and the FWS have enjoyed widespread acceptance. Hence, the law allows for a fee structure similar to Fee Demo to continue for these agencies. FLREA does make some program-wide changes, such as requiring the agencies to better communicate with the public on the establishment of fees and how fees are being used to enhance the visitor experience. We recognize that, through the years, inconsistent interpretation of fee authorities has resulted in a system that can sometimes be confusing and frustrating for the visitor. In implementing FLREA, we have an opportunity to create a more transparent recreation fee program and ensure that we are

better addressing the expectations of the visitor.

FLREA also provides general authority to establish fee management agreements with governmental or non-governmental entities. We believe tremendous potential exists to develop mutually beneficial partnerships through the recreation fee program. One example of an existing partnership is in Jackson Hole, Wyoming. NPS currently cooperates with other federal agencies, the Jackson Hole Chamber of Commerce, the Grand Teton Natural History Association, the Rocky Mountain Elk Foundation, and the Wyoming Game and Fish Department to operate the Jackson Hole and Greater Yellowstone Interagency Visitor Center. The partners work together to staff the center, provide visitor services, and develop a wide range of exhibits and interpretive programs for their 300,000 visitors. Every agency has developed a number of successful partnerships. We look forward to working with governmental and non-governmental entities to explore other opportunities to expand such mutually beneficial agreements.

The primary change in the recreation fee program for the National Park Service is the expansion of the National Parks Pass into a multi-agency America the Beautiful Pass. The new law builds upon innovations generated through the National Parks Pass, such as the annual image competition, allowing private vendor sales, and requiring active marketing of the pass. The new America the Beautiful Pass will retain the professional look and feel of the National Parks Pass, while creating a more streamlined pass program, reducing visitor confusion, and emphasizing recreation opportunities on all federal lands. Increasingly, our surveys and experiences show that more and more visitors seek interagency recreation opportunities. Many visitors have expressed frustration at the inability to use a National Parks Pass on other federal lands, or they have expressed confusion about the many different passes. The new national pass will overcome these problems. This shift aligns with other efforts by the Departments to streamline and integrate recreation opportunities, such as through the National Recreation Reservation Service and Recreation One-Stop.

FLREA specifies that the America the Beautiful Pass will cover entrance fees for NPS and

FWS and standard amenity recreation fees for the BLM, Forest Service, and BOR, generally for a period of 12 months. Discounts for seniors and free passes to individuals with disabilities will continue in a lifetime pass. The National Parks Pass, Golden Eagle, Golden Age, and Golden Access passes will continue to be sold until the new pass is made available, and existing passes will remain valid under existing benefits until expired, lost, or stolen. FLREA provides general authority to enter into fee management agreements, described above, as well as specific authority to enter into cooperative agreements concerning the development and implementation of the America the Beautiful Pass.

FLREA requires agencies to develop guidelines on the price, distribution of revenues among agencies, benefits provided by the pass, marketing and design, documentation for age and disability discounts, and issuance of passes to volunteers. To provide consistent visitor services, the law requires agencies to sell passes at all units where entrance and standard amenity fees are charged. Administrative, overhead, and indirect costs are capped at an average of 15 percent of total revenues for the program overall. FLREA authorizes the use of fees collected by any of the agencies to supplement administration and marketing costs of the America the Beautiful Pass for five-years. Unobligated funds from the National Parks Pass also are authorized to be used to pay any outstanding costs associated with the National Parks Pass.

Mr. Chairman, we recognize that changes to the recreation fee program under FLREA have generated some uncertainty as well as new hopes and expectations among federal lands visitors, partners, and associations. We wholeheartedly welcome the comments and ideas of these individuals and organizations. We want their involvement in helping us implement an America the Beautiful Pass program, including its production and marketing, which benefits the public, expands awareness of our federal lands, and builds additional support for federal lands.

### **History of the Passes**

The purpose of recreation passes originally was to create a convenient system of payment for entrance fees to recreation sites managed by different federal agencies. To a certain extent, passes offer a means of providing visitors with a consistent package of benefits at a defined set of recreation sites. The Golden Eagle Pass, the current annual multi-agency national pass, was created in 1965 under LWCF. The original price was \$7, which has increased over the last 40 years to its current price of \$65. In 1999, prior to introduction of the National Parks Pass, the agencies sold approximately 224,000 Golden Eagle Passes for revenues totaling approximately \$11 million. In 2000, after the National Parks Pass was introduced, marketing of the Golden Eagle Pass declined. As a result, Golden Eagle Pass sales in 2000 dropped from 224,000 to 54,000 and revenue decreased from \$11 million to \$3.5 million. That same year, National Parks Pass sales totaled approximately 203,000 and brought in \$10 million in revenue. During this time, the cost of the Golden Eagle Pass also was raised from \$50 to \$65 to align with price of the National Parks Pass. The National Parks Pass was set by statute to cost \$50, and it seemed inconsistent to charge the same price for the Golden Eagle, which provided greater benefits.

During the peak of the Golden Eagle Pass sales in 1999, the Golden Eagle Pass provided entry to 140 NPS sites, 32 FWS sites, 7 BLM sites, and 18 FS sites. Today, the Golden Eagle Pass provides entry to 150 NPS sites, 32 FWS sites, 18 BLM sites, and over 1500 FS sites. This expansion in benefits from 197 to over 1700 sites is the result of agencies administratively reviewing all fees and finding ways to improve visitor service by increasing the coverage of various passes. These efforts continue. Through the creation of the America the Beautiful Pass, FLREA provides the opportunity to combine the expanded benefits of the Golden Eagle Pass with the professional design and marketing of the National Parks Pass and to eliminate confusion over the various current passes.

In 2004, in-park sales accounted for 86 percent of the sales of the National Parks Pass, retail partners for 6 percent, internet sales for 7 percent, and call centers for 1 percent. Approximately 21 different umbrella organizations representing over 165 on-line transaction partnerships have promotional retail relationships, mostly consisting of weblinks to the

National Parks Pass website. Commissions ranging from zero to 20 percent have been established based on sales volume and marketing contributions.

### **Implementation Issues associated with the America the Beautiful Pass**

The National Pass Working Group has set a preliminary target date for transition to the America the Beautiful Pass for 2007. Visitor confusion over the passes may exist during this period, so we are working to ensure that the transition is as seamless as possible and that we provide the public with adequate information on the validity of existing passes as well as the availability of the America the Beautiful Pass.

The National Pass Working Group has identified three broad issue areas: Marketing and Design, Pricing Issues, and Operational Issues. Sub-issues related to marketing and design include the creation of a marketing plan, the details of the image competition, the design of the pass, production of the pass, and supplementary materials that would accompany the pass. Sub-issues related to pricing include the price of the pass, policies for review and approval, documentation for discounts, third party sales, refunds, group sales, fraud policies, and pass use data collection. Sub-issues related to operations include inventory, accountability, ordering, shipping, handling, and destruction. Other issues related to multi-agency management of the program, such as distribution of revenues, validation, and sales incentives also must be addressed.

One issue that is generating interest is the price of the pass. The National Pass Working Group will examine this issue very carefully, taking into consideration past studies and surveys, data related to pricing of other national passes, and the relationship to other recreation fees and site-specific passes. Other surveys, studies, and market analyses will be conducted as necessary. Another issue of concern is the distribution of revenues among agencies. We understand the distribution of revenues has a relationship to sales at sites by agencies. A key goal will be to ensure that the revenues from the pass are distributed fairly among agencies, based on the best available data.



In examining these issues, the National Pass Working Group is reviewing the timeframes, structure, role of partnerships, and experience and the expertise of NPS and the National Park Foundation in developing the National Parks Pass. As you know, the National Parks Pass was created in Section 502 of the National Parks Omnibus Management Act (National Parks Omnibus), which passed in October 1998. The Act specifically allowed the Secretary to enter into agreements with the National Park Foundation to develop and implement the National Parks Pass and permit third party vendors to collect a commission. The NPS entered into a non-competitive contract with National Park Foundation. Within eighteen months after enactment of the Act, in April 2000, the pass became available for sale. Unlike the statute authorizing the National Parks Pass, which mentions the National Park Foundation by name, FLREA does not specifically name any entities concerning pass development. At this time, our preliminary plan is to select an organization or organizations to develop and implement the America the Beautiful Pass through an open competition.

The National Parks Pass program has provided useful experiences to build upon as we implement the America the Beautiful Pass. In 2001, McKinsey and Company, Inc. completed a study of the NPS recreation fee program. The NPS also began collecting pass use data at select parks in 2003. Through these efforts, we have learned that:

- Some data suggests that National Parks Passes are purchased more for discounted entrance and convenience than for stewardship.
- Pricing of the pass has a direct effect on entrance fee pricing.
- A price of \$50 negatively impacts revenues for higher entrance fee parks.
- Acceptance of the pass negatively impacts revenues for parks that collect both a transportation and an entrance fee at the time of entrance. Transportation fees are charged specifically to fund required or optional transportation systems.
- Sales, use data, and geographical use patterns should be considered when developing a revenue distribution strategy.

- Revenue incentives for field sites that sell and accept passes are critical to a successful program.
- A professionally marketed product increases sales and can provide important visitor data.
- Marketing materials should clearly identify where and when passes are accepted to reduce visitor confusion.
- Field guidance relating to protocols for ordering, destruction, and reporting should be clearly established and conveyed during implementation.
- Contracts or agreements to produce and market the pass must provide very specific performance parameters and administrative guidelines for the pass.
- Close coordination among agencies and with any third-party entities involved in the image competition, design, production, marketing, and fulfillment processes is imperative.

While the Departments plan to move as expeditiously as possible toward implementation, our primary goal is to create a high-quality, well-thought-out, visitor-friendly pass program that is enthusiastically embraced by partner organizations and the public. Creating a successful pass program will require us to address many complex issues. We plan to carefully consider our past experiences, the National Park Foundation's expertise in the development of the National Parks Pass, various studies conducted by the agencies on passes and the recreation fee program, and feedback from members of Congress, the recreation community, and the general public. The "listening sessions" sponsored by the Departments were designed to provide an open forum for such a discussion. We look forward to continuing the dialogue with any interested parties as the Departments move forward on implementation.

The recreation fee program is vital to our ability to meet visitor demands for enhanced facilities and services on our federal lands. The Departments view the passage of FLREA as the beginning of an important opportunity to create a sensible, visitor friendly, efficient recreation fee program. We view FLREA as a dynamic program that responds to lessons

learned and builds on success stories. We welcome the opportunity to work with you toward this end.

Mr. Chairman, we would like to extend our thanks to you for all of your efforts through the years to support our National Parks and other federal lands. I would be pleased to answer any questions you or other members of the Subcommittee may have.