The Operating Budget

Most of Yellowstone's funding comes from the annual appropriation of tax dollars that the U.S. Congress allocates to the National Park Service. Other funds that Yellowstone has at its disposal—such as the portion of entrance fees that the park is permitted to keep—are also important, but they are generally earmarked for specific projects and cannot be used for recurring expenses such as salaries and utility bills.

Yellowstone's base funding rose from $9,615,000 in 1980 to $23,041,000 in 1998. This may sound like substantial growth, but after adjusting for inflation as measured by the Consumer Price Index, the real increase was only $2.2 million (11 percent), which has been insufficient to cover the actual increases in the cost of running Yellowstone. As explained in this section, these are the financial realities at Yellowstone:

- The park's expenses have increased faster than inflation because of factors such as legislated personnel costs, higher visitation, and longer visitor seasons.
- With most of the park's funding needed to pay "fixed costs" such as salaries and benefits that are largely beyond their control, park managers must either make unpopular decisions (such as closing facilities) or reduce the amount available to spend on the highest priority needs (such as cyclic maintenance).
- Without adequate funding of critical maintenance programs, the park's infrastructure has deteriorated, creating an enormous backlog of projects that must be undertaken in order to protect the nation's investment in Yellowstone.

Mandated Cost Increases

Higher personnel costs. A large portion of the park's appropriated funds—about 68 percent in 1998—can be used to pay employee salaries and benefits. This expenditure has risen dramatically in the last 20 years because of changes in laws that govern federal employment. In 1980 Yellowstone was spending an average of $17,500 per employee for both salary and benefits—about $36,800 in 1998 dollars when adjusted for inflation. But in 1998, the actual amount Yellowstone was spending for salary and benefits had risen to an average of $41,000 per employee.

Of the several reasons for this per-employee cost increase, the most significant is the revamping of the federal retirement system that occurred in the mid-1980s. Under the prior Civil Service Retirement System (CSRS), the cost for all federal employees was paid out of a government-wide account; under the new Federal Employees retirement

System (FERS), each federal agency must pay for the participation of its own employees, which the NPS passes on to each park. While this change has improved accountability for federal expenditures, it has added to the personnel costs borne by all national parks. As Yellowstone employees still participating in CSRS leave and are replaced by new employees participating in FERS, the park picks up the cost of their retirement benefits which, including the 6.2 percent Social Security tax, is equal to over 20 percent of the employee's salary on average.

Other "under-funded" mandates that have resulted in higher park expenses include the cost-of-living adjustments set by Congress each year and union-negotiated increases for wage-grade employees. Even if Yellowstone's staffing requirements had remained the same since 1980, the total impact of these mandated cost increases ($4,200 per employee on average) would have cost the park an additional $1.7 million.

Equipment and training. Compliance with other new requirements has resulted in the need for additional technical equipment and specialists, and for additional training for existing employees assigned to new tasks. For example, the Occupational Safety and Health Administration (OSHA) now requires a minimum of three people to patch potholes, including two to flag traffic—and potholes are one item Yellowstone has no shortage of. At least two people are also required for any work that is done in confined spaces, such as the repair of underground utility lines and plumbing systems. Employees must be routinely trained in skills from defensive driving to basic snowmobile repairs in case of breakdowns, and some workers, such as emergency-response rangers and firefighters who perform arduous duty, must be regularly tested for fitness and health. While the need for such safety standards is apparent, they come with a steep price tag; Yellowstone has invested more than $1.5 million in initial costs and spends approximately $600,000 each year to comply with safety requirements set by federal law or NPS policy.

Meeting Health, Life, and Safety Standards

New Program	Annual Cost
Confined space entry	$ 19,804
Blood-borne pathogens	26,854
Personal protective equipment	31,732
Hazardous materials	29,786
Hazard communication	19,829
Underground storage tanks	6,000
Asbestos abatement	1,850
Carbon monoxide monitoring	6,800
Drinking water (second operator)	91,885
Waste water treatment	93,607
Solid waste treatment	46,200
Respiratory protection	67,054
Hearing conservation	6,650
Lead paint removal	2,800
Radon abatement	2,000
UFAS (accessibility standards)	27,000
Hantavirus (education, compliance)	32,874
Commercial drivers' licenses	3,600
Structural fire protection systems	25,000
Defensive driver training	20,043
Employee physicals	11,600
Contaminated soil remediation	5,000
Monitoring wells/landfill closures	2,500
TOTAL	$ 580,468

Other Cost Increases

Higher utility costs. The cost of basic utilities such as electricity and waste disposal has increased faster than the inflation rate (see Energy, Utility, and Waste Management Systems," page 7-30). In one extreme case, the "tipping fees" for dumping solid waste in Park County, Montana facilities rose by more than 663 percent since 1980—453 percent above the inflation rate—but less dramatic increases apply for almost all utilities that must be obtained from providers outside the park. Taken together, these cost increases have added about $0.5 million to the park's operating expenses. When combined with the $1.7 million increase to maintain 1980 staff levels, the $2.2 million in real growth in the base budget since 1980 has been used up.

New programs. Many park programs have been added or expanded since 1980, when a nationwide "State of the Parks Report" elicited concern that preservation of the national parks' natural and cultural resources was at risk. Yellowstone has introduced programs in wolf restoration and archeological protection and has taken on a larger role in bison management and in managing the increasing number of biotechnology companies that want to conduct research on specimens collected in the park.

Increased visitation. The annual park visitor count has grown by 50 percent since 1980, from about 2 million to about 3 million in recent years—without a comparable increase in the park's funding. In 1980, the park's base budget was equivalent to about $10 per visitor (when expressed in 1998 dollars, adjusted for inflation); the current base budget provides only about $7.50 per visitor. While some of the park's expenses are unrelated to visitation levels—it costs the same to monitor water quality regardless of the number of visitors who show up—the major expenses for personnel and infrastructure have been directly affected by both the larger number of visitors coming each year and the longer period during the year when visitors arrive.

A full-time park. For most of its long history, Yellowstone was largely shut down in late autumn; only minimal visitor services, resource protection efforts, facility maintenance, or road plowing was provided from November until May. Although the vast majority of visitors still appear during a few summer weeks, Yellowstone has seen a gradual shift toward year-round use. Since 1980, fall and winter visitation has more than doubled (see "Winter Use," page 6-38). One of the additional costs that has resulted from this shift is a larger portion of full-time rather than seasonal employees—from 22 percent of the payroll classified as "permanent full-time" in 1980, to 61 percent in 1998.

Full-time employees are more expensive than seasonals not only because they receive a salary for more weeks of the year, but because they are eligible for the total employee benefits package, which for an employee participating in FERS equals about 31 percent of salary on average. The NPS has also been under pressure to increase the portion of employees eligible for benefits in order to avoid the regrettable situation of seasonal employees who work year after year in national parks without ever receiving medical coverage or retirement benefits.

Additional staff. Although the National Park Service has streamlined its Washington and regional offices in recent years to reduce expenses, one result has been that many responsibilities previously handled at those levels have trickled downward to park employees whose plates were already full. When combined with the demands of new mandates, new programs, and increased visitation and a longer visitor season, the inevitable consequence has been a growth in Yellowstone's staff. The number of full-time equivalent positions or "FTEs" (with part-time jobs counted as fractional FTEs) rose from 410 in 1980 to 491 in 1998, increasing the park's expenses by $4.2 million during that period—more than 18 percent of the current base budget. These added personnel compete with more established programs for project dollars and equipment. Although park managers have tried to compensate by obtaining funds from new sources and making cuts to programs, each of these alternatives has had negative impacts.

As the Seasons Change

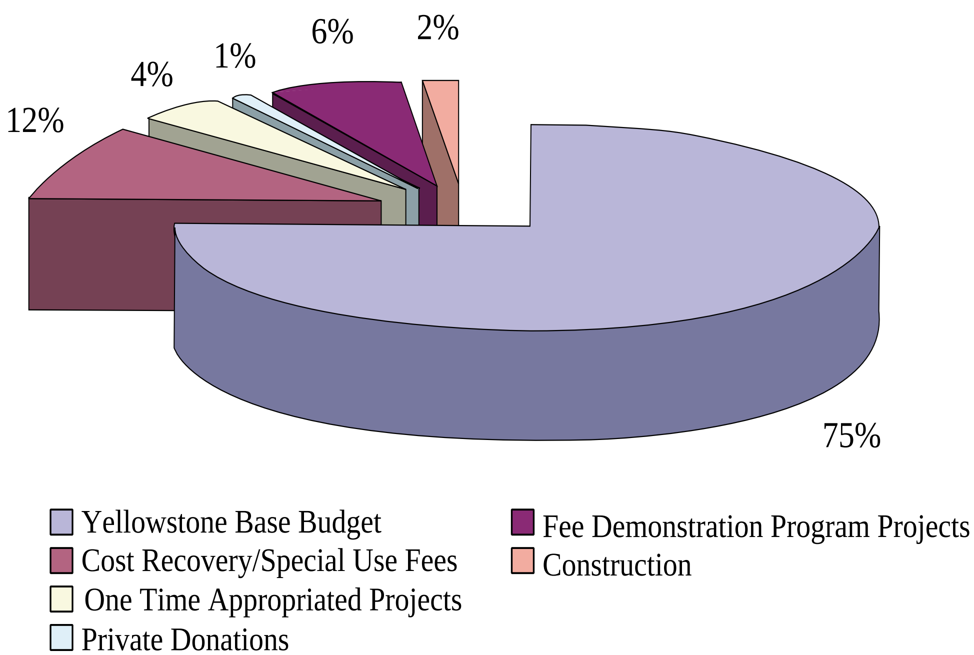
Like many other national parks, Yellowstone has traditionally operated on a seasonal basis, adapting its operations to respond to the variable climate and associated flux of visitors. In March and April, the park adds employees to help plow snow-covered roads and remove snow stakes from the shoulders. These work crews shovel roofs, unshutter windows, and dig out buildings that have been unused all winter. Heat is turned on and water lines are opened, flushed, and tested to ensure that they are safe and sanitary. Solid waste that has been stored in trash packers in the snowbound interior during the winter is hauled out of the park before hungry bears emerge from their dens. Newly arrived seasonal employees attend orientation sessions and receive on-the-job training as they take on their assigned duties. A winter's worth of fallen trees must be cut or dragged away from campsites and trails. Boardwalks and signs, damaged and discolored under the snow, are repaired and repainted. By June, roads and facilities are open for business and the park bustles with activity.

In October and November, the pattern is reversed, as offices and quarters are closed up, pipes are drained, and fuel storage tanks are topped off for the last time that year. Workers replace the snow stakes to mark road berms, plumbing valves, heating meters for the plow drivers and, as the visitors slowly become scarcer, "seasonals" return to home or school, travel to distant lands, or migrate to jobs at other parks in warmer climates where the season is just beginning.

The Colors of Park Money

Like those of a business or family, Yellowstone's financial obligations include both recurring and non-recurring expenses. The park has recurring expenses for ongoing operational requirements such as employee salaries and benefits, supplies and equipment, utilities, and routine maintenance of roads, buildings, and other assets. The park's non-recurring expenses include capital investments (new construction and rehabilitation of existing facilities) and one-time projects such as an inventory of rare plants that may take from several weeks to several years.

Sources of Funding for Yellowstone FY-98 Operations



Yellowstone's funding sources can also be classified as recurring (primarily its base funding) and non-recurring, such as special allocations from the NPS or another federal agency to pay for a particular project. As shown above, in 1998 the park's base funding accounted for about 75 percent of the money spent to protect the park's resources and serve visitors, not including expenditures for capital improvements or made by the park's concessioners. However, because the base funding has not been sufficient to cover all of the park's recurring expenses, Yellowstone has had to use non-recurring funding sources to help pay for operational expenses, including some salaries.

Yellowstone base funding. This money comes from the annual appropriation that the U.S. Congress makes for the Operation of the National Park Service (ONPS) and is allocated by the NPS to each park. In recent decades Yellowstone's base funding has increased every year, although not at the same rate as the park's expenses.

Cost recovery / special use fees. In addition to the entrance fee, the NPS is authorized to charge fees for specific park activities or services and to use the resulting revenues to help pay for related expenses incurred by the park. In 1998, these revenues included $620,000 from the sale of fishing permits, $66,000 in boating permits, $70,000 in commercial filming permits, $49,000 from educational programs for school groups taught in the park, $28,000 in advanced backcountry reservation fees, $1.5 million from entrance fees that is used to cover the cost of collecting those fees, $1,245,000 from rents paid by tenants of park housing, and $1.4 million reimbursement for utilities expenses incurred by concessioners and others using park facilities.

One-time projects. The NPS's annual Congressional appropriation includes some funding that is used as grants to target specific issues. Parks compete for money from these "special emphasis programs" by submitting requests to the NPS; only those proposals deemed the most deserving can be funded each year. In 1998, examples of projects for which Yellowstone received one-time funding included the printing of a trail guide, removal of nine underground storage tanks, preservation of historic photographs, and health inspections of concessions operations.

Private donations. National parks are authorized to use corporate and individual donations to cover their expenses. Some of the donations Yellowstone receives can be used for any purpose, while other donors specify a project on which the money is to be spent. This category of funding ($330,000 in 1998) does not include most of the hundreds of thousands of dollars that are raised each year by the Yellowstone Association and the Yellowstone Foundation and spent directly by those organizations on Yellowstone's behalf for specific projects. (See pages 8-3 and 8-5).

Fee Demonstration Program. Starting in 1997, Congress authorized designated units of the NPS (along with the U.S. Forest Service, U.S. Fish & Wildlife Service, and Bureau of Land Management) to keep 80 percent of the entrance and campground fees they collect, with the remaining 20 percent set aside for use as determined by the federal agency. Yellowstone National Park was one of 100 NPS units that was initially included in the program. NPS policy permits these revenues to be used to reduce the backlog of projects needed to address critical resource issues and maintain infrastructure. Although the program is now providing a significant source of funding each year, it is considered "non-recurring" because it has only been authorized until 2001.

1998 Funding Sources	1998 Use of Funds		
Recurring	**Operations and Maintenance**	**Investments**	**Total**
Yellowstone Base Budget	$ 23,041,000		$ 23,041,000
Cost Recovery/Special Use Fees	3,561,300		3,561,300
Subtotal	$ 26,602,300		$ 26,602,300
Non-Recurring			
One-Time Appropriated Projects	1,294,900	$ 1,983,500	3,278,400
Private Donations	330,000		330,000
Fee Demonstration Program	1,852,000	808,000	2,660,000
Capital Improvements			
NPS Construction Projects	516,000	2,511,000	3,027,000
Federal Highways Program		9,000,000	9,000,000
Subtotal	3,992,900	14,302,500	18,295,400
TOTAL	$ 30,595,000	$ 14,302,500	$ 44,897,700

This table compiles the "Current Funding" summaries shown throughout this report and separates "One-Time Projects" into those funded through Congressional ONPS appropriations and those paid for by private donations. The private donations amount shown here does not include non-monetary contributions or most of the donations made to the Yellowstone Association or the Yellowstone Foundation. "Capital Improvements" is divided into projects funded through the Congressional appropriation for NPS construction and those paid for by the Federal Highways Program. This table does not include spending for Yellowstone-related work performed by other government agencies, nor does it include more than $9 million in funds that are generated by concessioners' franchise fees and used to pay for operations, maintenance, and capital improvements related to the park facilities they use (see page 6–20).

Construction appropriation. In addition to the annual appropriation that is used for base funding, Congress makes a separate appropriation for NPS construction projects. Each construction project must be individually approved by Congress, so that Yellowstone must compete against other parks for the available money. Yellowstone has obtained this funding to pay for major capital projects, like replacing the trailers used for employee housing and the Canyon sewer system, and for some major equipment costs, such as vehicles, computers, and phone systems.

Federal Highways Program. Yellowstone's old roads are gradually being reconstructed through the Federal Lands Highways Program (FHLP), which is funded by the federal gas tax and administered by the U.S. Department of Transportation (see page

7–11). In 1998, the FHLP awarded a $9 million contract to reconstruct a section of the Grand Loop Road from Madison Junction to the Norris Geyser Basin. This funding was supplemented by nearly $1 million from the Department of Transportation to cover related costs for current and anticipated road work, such as traffic control; assessment and monitoring of impacts on vegetation, wildlife and archeological sites; revegetation and landscaping; and other planning, engineering, and compliance work.

The Pitfalls of Park Money Management

While park managers understand the need to demonstrate creativity in using a variety of funding sources, the fact that 25 percent of the funds used to pay for operational expenses in 1998 came from a source other than the park's base appropriation has some disturbing implications.

- Neglected priorities. The increasing reliance on other funding sources tends to turn park managers' attention to high-profile projects and highly publicized issues for which such funds are most readily available, rather than those which have the highest priority for Yellowstone's mission.

- Outsider influence. While corporate donations and other alternate funding are gratefully received, the pressure to compete for them carries the risk of encouraging management decisions that will please the funders even if they are not in Yellowstone's highest priorities.

- Uncertain revenues. With the amount and sources of funding unreliable, park managers cannot make a commitment to either staff or long-term projects.

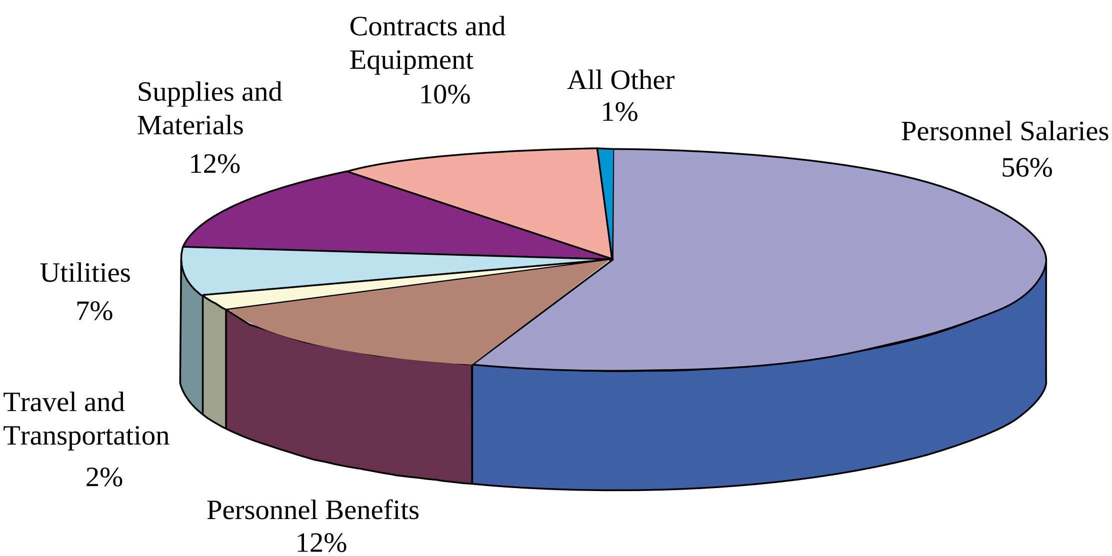
- Unknown costs. When programs and salaries are paid from several sources that may change from year to year, the actual cost of running a particular program or a park division becomes obscured. Just because Yellowstone hires a wildlife biologist doesn't mean that his or her salary isn't being funded in part by the Federal Highways Program, which is providing the park with money to conduct an assessment of the potential impacts of road reconstruction on wildlife.

- Unwelcome distractions. In addition to figuring out how to protect the park's resources and serve its visitors, park managers are spending an increasing amount of time writing project requests and overseeing compliance with specific program rules and reporting requirements.

Where the Money Goes

Like any organization whose function is public service, Yellowstone spends most of its operational budget on its human resources—employee salaries and benefits. With almost 90 percent of the operations budget consumed by these and other "fixed" costs, the park has few alternatives in the search for ways to cut costs. For example, although a special effort has been made to control employees' travel and transportation expenses (reducing them by 20 percent and 51 percent, respectively, since 1992), they account for such a tiny fraction of the budget that the savings have little impact on the budget as a whole. And one of Yellowstone's traditional methods of budget balancing—reducing the number of seasonal employees hired to provide maintenance, interpretive, and visitor services—becomes less of an option as the park becomes more of an all-season destination with more year-round employees.

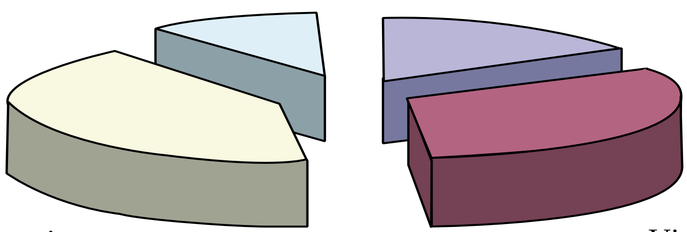
Yellowstone National Park FY-1998 ONPS Spending



Current staffing. Of the 446 permanent NPS positions that Yellowstone is authorized to fill, 71 (16 percent) remained empty in 1998 because of budget constraints. The 1998 staff included 375 employees assigned to "permanent" NPS positions (meaning their employment cannot be involuntarily terminated without cause), 24 employees on term assignments (working for one to four years with no guarantee of a permanent position), and 365 temporary or seasonal employees. To retain the dedicated employees who are working to fulfill Yellowstone's mission, they need to have access to specialized training and modern equipment, and, when appropriate, additional help to better serve the public and the park's irreplaceable resources.

As described in the chapters of this book and summarized in the chart below, the amount spent on each category of park operations is largely a reflection of the number of people assigned to work in that area.

1999 Allocation of Funds



Mortgaging the future. Cutting back on visitor services is so unpopular with both the public and Congressional representatives trying to reduce federal expenditures that Yellowstone has had to resort to other methods to live within its means. Programs for resource management, employee training and development, and infrastructure maintenance are reduced or postponed, with consequences that have been less immediately conspicuous than a closed campground, but often have more serious long-term repercussions.

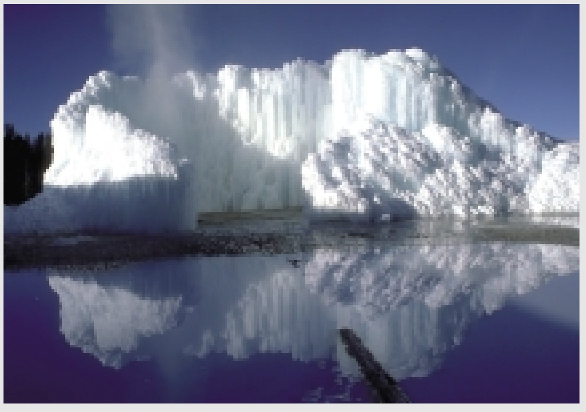
In the same way that changing the oil in your car helps ensure a long engine life, routine maintenance of park facilities and routine monitoring of the park's vegetation, wildlife, cultural resources, and thermal features ensures the long-term protection of these assets. Like car maintenance, if park maintenance is postponed too long, its assets deteriorate and become more expensive to repair, sometimes reaching the point where the problem can no longer be fixed at all. As a result of chronic delays in preventive maintenance and the lack of a capital budget dedicated to upkeep of buildings, vehicles, utilities, and equipment, much of Yellowstone's infrastructure is falling apart. Maintenance of these assets should be funded and managed separately from park operations.

Similarly, the NPS has historically been slow to initiate scientific monitoring of its cultural and natural resources, and despite some post-1980 initiatives to improve these programs, they are likely to be postponed in tight budgetary times. Unless resource loss or damage is blatant—extirpation of a rare species, vandalism of an archeological site, visible

Tough Choices

In 1996, short of funds and tired of trying to maintain all visitor services by reducing their quality, Yellowstone decided to help sustain the most essential and popular services by closing the museum, campground, and picnic area near the Norris Geyser Basin. This most volatile of the park's thermal basins, including Steamboat, the world's largest active geyser, could still be viewed from the area's trails. But closing the facilities saved utility and maintenance costs, and a total of $70,000 in operating funds. Although necessary to balance the budget, it was not a popular decision.

In 1997, revenues from the new Fee Demonstration Program freed up operating funds in other areas that could be used to reopen the facilities at Norris.



air pollution, or a toxic waste spill into a clean waterway—both the public and park managers are too easily lulled into thinking that resource management work can be deferred.

Closing the Gaps

Recent progress. Yellowstone has not been alone among national parks in its budgetary straits, and widespread recognition of the problems created by deferred maintenance has led to Congressional authorization to augment NPS budgets through special fees, program funds, and outside revenues, provided that the parks demonstrate the proper fiscal management and accountability. For example, the Fee Demonstration Program, which has been renewed and extended until 2001, enables participating parks to keep most of the revenue collected from their entrance fees. However, instead of using this money to reduce some of the operating shortfalls, the parks have been directed to spend it on projects that will directly and visibly affect visitor services. Yellowstone expects the program will provide an additional $4 million annually to be allocated for infrastructure improvements and resource management, including these projects already completed or currently underway:

- rehabilitating park roads to make them minimally safe until they can be reconstructed using Federal Highways improvement funds;
- obtaining the equipment needed to conduct "industrial-strength" gillnetting of the nonnative lake trout that threaten the native cutthroat in Yellowstone Lake;

- reopening the popular Virginia Cascades Drive, a scenic "rustic road" that offered an alternate driving experience for park visitors until damage forced its closure in 1994;
- rehabilitating the Canyon Visitor Center and providing new exhibits on the park's unique geology;
- assessing and controlling acres of trees that threaten to fall on park facilities or in high visitor use areas;
- determining the effects of groomed winter roads on wildlife migrations;
- purchasing cleaner, biodegradable lubricating oil for the park's snowmobile fleet;
- upgrading the Madison Campground amphitheater and Mammoth Campground restrooms and improving their accessibility; and
- replacing outdated radio consoles in the park's 24-hour Communications Center.

A business plan. While the Fee Demonstration Program is enabling the park to make some progress in addressing the backlog of repairs and rehabilitation, it can only go so far. This "State of the Park" report, which summarizes Yellowstone's goals and assesses the park's progress toward achieving them, represents the first phase of developing a business plan for the park. Park staff are identifying the necessary tasks, personnel, and equipment associated with each park program and consulting with specialists in other government agencies as well as in private industry to determine what standards are most appropriate for Yellowstone and how much it will cost to adhere to them. Through this "benchmarking" process, park managers will ensure that their funding requests will prove reasonable under even the closest scrutiny.

Only after a consensus has been reached on the standards and resources that are needed to meet the stewardship goals outlined in this report, can we expect to close the gap between what the state of the park is and what it should be.

Staff and Budget

Stewardship Goals

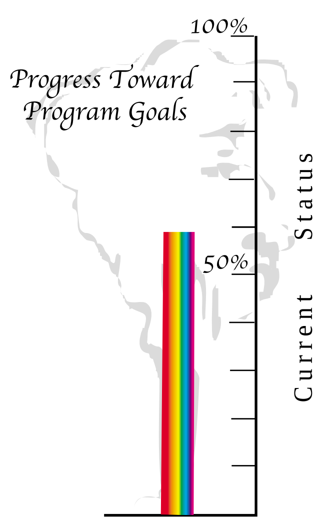
Park managers efficiently use financial and human resources to meet daily operational needs, conduct preventive maintenance, and carry out proactive, science-based programs to preserve cultural and natural resources.

Yellowstone has a sufficient capital and base operations budget to manage park assets and programs to meet industry standards for human health and safety, resource stewardship, and visitor service.

Current State of Program

An enormous backlog of resource management, interpretive, visitor service, and maintenance projects exists; park managers struggle to make limited dollars cover daily operations and address the most critical infrastructure failures.

Yellowstone's budget has failed to keep pace with inflation; employees become increasingly frustrated trying to do more work with fewer dollars and staff. Many performance standards fall well short of public expectations.



The human resources and funding necessary to professionally and effectively manage the park to stewardship levels will be identified in the park business plan.