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RECREATION FEES

Information on Forest Service Management of Revenue from the Fee Demonstration Program

Statement of Barry T. Hill, Director
Natural Resources and Environment





Highlights of [GAO-03-1161T](#), testimony before the Subcommittee on Forests and Forest Health, Committee on Resources, House of Representatives

Why GAO Did This Study

Since 1996, federal land management agencies have collected over \$900 million in recreation fees from the public under an experimental initiative called the Recreational Fee Demonstration Program. The Forest Service's part was about \$160 million. The authority to collect these fees expires at the end of fiscal year 2004. Central to the debate about whether to reauthorize the program is how effectively the land management agencies are using the hundreds of millions of dollars that the recreation fees have provided them. In April 2003, GAO reported on Forest Service management of the fee demonstration program. (See *Recreation Fees: Information on Forest Service Management of Revenue from the Fee Demonstration Program*, GAO-03-470 [Washington D.C.: Apr. 25, 2003]).

This testimony is based on the work GAO conducted for the April 2003 report. Four issues are addressed: (1) how the Forest Service determines spending priorities for the revenues generated by the fee program, (2) how the agency has spent its fee demonstration program revenues, (3) what the agency is doing to measure the impact of the recreation fee revenues on reducing its deferred maintenance backlog, and (4) how it accounts for its fee demonstration program revenues.

www.gao.gov/cgi-bin/getrpt?GAO-03-1161T.

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RECREATION FEES

Information on Forest Service Management of Revenue from the Fee Demonstration Program

What GAO Found

Local forest managers largely determine Forest Service spending priorities for the Recreational Fee Demonstration Program. Given broad discretion in deciding how to use fee demonstration revenues, local forest managers retain between 90 and 100 percent of the fee demonstration revenue at the sites where fees are collected and are expected to establish spending priorities consistent with general program guidance provided by Forest Service headquarters. This guidance advises local forest managers to spend fee demonstration revenues on needs that have been identified by forest visitors and to maintain existing facilities rather than initiate new construction projects.

On the basis of priorities identified by local users, the Forest Service has spent fee demonstration revenues on a wide range of projects at national forests throughout the country. The legislation authorizing the fee demonstration program permitted all the participating agencies to spend fee revenues on certain categories of activities to increase the quality of the visitor experience and enhance the protection of resources. GAO's review at selected Forest Service sites found that expenditures were consistent with authorizing legislation and agency spending priorities.

The Forest Service does not have a process for measuring the impact of fee demonstration expenditures on reducing the deferred maintenance backlog. Further, while the agency acknowledges that it has a significant deferred maintenance problem, it has not developed a reliable estimate of its deferred maintenance needs.

Consistent with the authorizing legislation for the fee demonstration program, the Forest Service keeps its fee revenue in accounts separate from other appropriated funds. The agency also tracks its fee revenues and expenditures separately from its appropriated funds.

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss our most recent report on the Forest Service's management of the Recreational Fee Demonstration Program.¹ Since 1996, federal land management agencies have collected over \$900 million in recreation fees from the public under an experimental initiative called the Recreational Fee Demonstration Program. The Forest Service's part is about \$160 million. The Forest Service is one of the four federal land management agencies authorized by Congress to charge fees to visitors and to retain the revenues for use in addition to other appropriated funds.² The Congress originally authorized the program for 3 years and has extended it several times. The authority to collect these fees currently expires at the end of fiscal year 2004.

As the program enters its seventh year, the fees continue to be controversial at some sites, and critics question the extent to which program expenditures directly benefit visitors. Many of the concerns involve the Forest Service, which, unlike the National Park Service, had not historically charged fees to enter its public lands or to use amenities such as trails prior to the fee demonstration program. Moreover, the Forest Service introduced a variety of new recreation fees aimed at a range of visitor uses, including fees for dispersed recreation, such as trail access or backcountry camping, or for general access. Although this experimentation provided valuable information about the types of fees that were feasible, it also fueled questions about the Forest Service's administration of the program. Accordingly, as you requested, my testimony today will address the following issues: (1) how the Forest Service determines spending priorities for the revenues generated by the fee program; (2) how the agency has spent its fee demonstration program revenues; (3) what the agency is doing to measure the impact of the recreation fee revenues on reducing its deferred maintenance backlog; and (4) how it accounts for its fee demonstration program revenues.

¹U.S. General Accounting Office, *Recreation Fees: Information on Forest Service Management of Revenue from the Fee Demonstration Program*, [GAO-03-470](#) (Washington, D.C: Apr. 25, 2003).

²The other three land management agencies authorized to charge fees under the Recreational Fee Demonstration Program are the National Park Service, the Fish and Wildlife Service, and the Bureau of Land Management.

Results in Brief

Local forest managers largely determine Forest Service spending priorities for the Recreational Fee Demonstration Program. Given broad discretion in deciding how to use fee demonstration revenues, local forest managers retain between 90 and 100 percent of the fee demonstration revenue at the sites where fees are collected. Local managers are expected to establish spending priorities consistent with general program guidance provided by Forest Service headquarters. This guidance advises local managers to spend fee demonstration revenues on needs that have been identified by forest visitors; it also directs local managers to spend the resources on maintaining existing facilities rather than initiating new construction projects.

On the basis of priorities identified by local users, the Forest Service has spent fee demonstration revenues on a wide range of projects at national forests throughout the country. The legislation authorizing the fee demonstration program permits the participating agencies to spend fee revenues on a broad range of activities aimed at increasing the quality of the visitor experience and enhancing the protection of resources such as providing visitor services, maintaining and enhancing facilities, fee collections, and enforcing laws. To verify how the fee revenue was being spent we visited a number of Forest Service sites across the country and found that expenditures were consistent with the authorizing legislation for the program and agency spending guidance and priorities.

The Forest Service has not developed a process for measuring the impact of fee demonstration expenditures on reducing the deferred maintenance backlog. According to agency officials, there are several reasons for this—for example, the temporary status of the program and the fact that the legislation establishing the program does not require that the impact be measured. Further, while officials acknowledge that the Forest Service has a significant deferred maintenance problem, the agency has not developed a reliable estimate of its deferred maintenance needs.

Consistent with the authorizing legislation for the fee demonstration program, the Forest Service keeps its fee revenue in Treasury accounts separate from other appropriated funds. The agency also tracks its fee revenue and expenditures separately from its appropriated funds.

Background

The Forest Service is responsible for managing over 192 million acres of public lands in the United States. In carrying out its responsibilities, the Forest Service has traditionally been a decentralized organization, whose

programs are administered through nine regional offices, 155 national forests, and over 600 ranger districts (each forest has several districts).

The Forest Service began implementing the Recreational Fee Demonstration Program in fiscal year 1996 with four demonstration sites that generated a total of \$43,000 during the year.³ The program has steadily grown over the past 6 years and now covers 92 sites in 114 national forests and grasslands. These sites generated about \$38 million in revenue in fiscal year 2002. A demonstration site may consist of an individual forest; a group of forests, such as the National Forests in Texas; or a specific area or activity within a forest, such as Mount St. Helens National Volcanic Monument in the Gifford Pinchot National Forest in Washington.

Local Forest Service Officials Determine Spending Priorities

Spending priorities for the Recreational Fee Demonstration Program are largely determined by local forest managers who are given broad discretion in deciding how to use fee demonstration revenues. Forest Service headquarters provides general program guidance that advises the local managers to focus their spending priorities on two things. First, local managers are to identify what the visitors want because the Forest Service believes that users will more likely accept having to pay fees if they see that their money is spent on improving services in the forests they visit. Second, existing facilities such as restrooms and visitor centers should be maintained because the agency prefers to use fee revenue to maintain such facilities rather than to initiate new capital projects that would increase its inventory of assets and add to operating and maintenance costs.

In the three Forest Service regions that we visited, local forest managers told us that they establish priorities on the basis of visitor desires that are identified through visitor comment cards, visitor surveys, local user

³Although the Forest Service refers to fee demonstration sites as projects throughout this statement, we call them sites. Under the original Recreational Fee Demonstration Program legislation, between 10 and 50 sites per agency were permitted to establish, charge, and collect recreation fees (P.L. 104-134, title III, Sec. 315 [1996]). In fiscal year 1997 appropriations, the Congress increased the number of authorized sites to 100 per agency (P.L. 104-208, title III, Sec. 319 [1996]). In fiscal year 2002 appropriations, the Congress eliminated the 100 demonstration sites per agency limitation (P.L. 107-63, title III, Sec. 312 (b)[2001]).

groups, associations, and regional boards.⁴ According to these officials, visitors generally desire spending priorities that address health and safety needs; maintenance needs; and improved visitor services, such as interpretative services.

Further, local forest managers told us that visitors expect that fee demonstration revenues be retained and used at the sites where fees are collected. In this regard, the Forest Service retains between 90 and 100 percent of fee revenues for use at the collection sites. The portion of fee revenues that is not retained on site is used by the regional offices for a variety of program-related activities, such as providing start-up money for new demonstration sites, providing fee demonstration program signs and brochures, initiating regional pass sales, and supporting marketing activities.

Revenues Are Spent on a Wide Range of Activities

In the authorizing legislation for the Recreational Fee Demonstration Program, the Congress provided the Forest Service and the other land management agencies broad authority in deciding how to spend fee demonstration revenues. The 1996 authorizing legislation⁵ permitted the agencies to spend fee demonstration revenues for: backlogged repair and maintenance projects, interpretation, signage, habitat or facility enhancement, resource preservation, annual operation (including fee collection), maintenance, and law enforcement relating to the public use of lands. Our analysis at a sample of sites participating in the fee demonstration program showed that fee revenue was being spent on a wide range of projects that were consistent with the authorizing legislation the program and agency spending priorities. For fiscal year 2001, the Forest Service reported that it collected about \$35 million in fees and spent about \$29.3 million, with about half of the expenditures going toward visitor services and operations and maintenance activities.

We reviewed the activities at a sample of demonstration sites in three Forest Service regions that have generated the most revenue to determine

⁴Regional boards, which consist of members with recreation, forest, law enforcement, fiscal, and economic backgrounds, are used to help oversee the fee demonstration program within each region of the Forest Service.

⁵Omnibus Consolidated Rescissions and Appropriations Act of 1996, P.L. No. 104-134, title III, Sec.315(c)(3).

how funds were spent, the appendix lists the specific regions and sites we visited. The types of projects being funded at the sites we visited included

- constructing a boat launch area along the Nantahala River, a world-class whitewater river that attracts about 250,000 people annually in the National Forests of North Carolina;
- operating a wastewater treatment plant that serves the visitor center at Multnomah Falls, located within 30 miles of Portland, Oregon, and one of the most popular attractions in the Columbia River Gorge National Scenic Area, which receives over 2 million visitors per year; and
- acquiring fire rings, cooking grills, and picnic tables at Kisatchie National Forest in Louisiana to improve campground services.

On the basis of our review and on-site observations, we found that the fee demonstration program expenditures were consistent with the legislative authority provided for the program and with agency spending priorities.

The Forest Service Has No Process for Measuring the Impact of Fee Revenues on Deferred Maintenance

The Forest Service has used a portion of its fee program revenues to help address its deferred maintenance backlog. However, the agency does not have a process for measuring how much has been spent on deferred maintenance or the impact of the fee revenue program has had on reducing its deferred maintenance needs. In addition, while the agency acknowledges that it has a significant deferred maintenance problem, it has not developed a reliable estimate of its deferred maintenance needs. As a result, even if the agency knew how much fee revenue it spent on deferred maintenance, it would not know the extent to which its total deferred maintenance needs were being reduced.

The legislation authorizing the Recreational Fee Demonstration Program permits the Forest Service and the other participating agencies to spend fee revenues on deferred maintenance needs. In fact, at each of the locations we visited, the site managers told us that they were using a portion of fee revenues to implement a variety of projects that addressed deferred maintenance needs such as replacing worn and rotted picnic tables at a campground in Klamath National Forest in California, fixing eroded hiking trails in the Nantahala Gorge in the North Carolina National Forest, and replacing deteriorating restrooms in Kisatchie National Forest in Louisiana.

Forest Service officials told us that there are a number of reasons why the agency has not developed a process to track deferred maintenance expenditures from fee demonstration revenues. First, the agency chose to use its fee demonstration revenue to improve and enhance on-site visitor services rather than to use its revenue in developing and implementing a system for tracking deferred maintenance spending. Second, because the fee demonstration program is still temporary, agency officials said that they have concerns about developing an additional process for tracking deferred maintenance. Finally, the agency faced no specific requirement was to measure the impact of fee revenues on deferred maintenance.

Forest Service officials acknowledge that the agency has a significant deferred maintenance problem. In fiscal year 2001, the agency estimated that its total deferred maintenance backlog was in the billions of dollars, most of which was for forest roads and bridges. According to the Forest Service, the recreation-related component of this estimate was in the hundreds of millions of dollars.

However, in March 1999, the Department of Agriculture's Inspector General testified that the Forest Service did not have a reliable estimate of the amount of its deferred maintenance backlog.⁶ Further, the Inspector General pointed out that the agency had no systematic method for compiling the information needed to provide managers or the Congress with reliable estimates. Although the Forest Service has since implemented an initiative to help gather and develop better information on the amount of its deferred maintenance backlog, the findings of the Inspector General's report are still valid. Forest Service officials acknowledge that they are still in the process of developing a reliable estimate of the agency's deferred maintenance backlog.

⁶Testimony of Roger Viadero, Inspector General, U.S. Department of Agriculture, before the Committee on Agriculture, Subcommittee on Department Operations, Oversight, Nutrition, and Forestry, House of Representatives, Concerning the Financial Accountability of the Forest Service (Mar. 11, 1999).

The Forest Service Accounts for Its Fee Demonstration Program Revenues and Expenditures Separately from Other Funds

The authorizing legislation for the fee demonstration program requires the participating federal agencies to maintain fee revenue in separate Treasury accounts and to account for fee expenditures separately from other appropriated fund expenditures. Consistent with the requirement, the Forest Service maintains its fee revenues in separate Treasury accounts and tracks fee revenue and expenditures separately from other appropriated funds. For example, officials at the Gifford Pinchot National Forest in the Pacific Northwest Region used a combination of fee demonstration revenues and other appropriated funds to replace a bridge on the Pacific Crest National Scenic Trail in 2001. For this project, agency officials accounted for revenues and expenditures from the fee demonstration program separately from the revenues and expenditures from other appropriated funding sources.

Mr. Chairman, this concludes my prepared statement. I would be happy to respond to any questions that you or Members of the Subcommittee may have.

GAO Contacts and Staff Acknowledgments

For further information about this testimony, please contact me at (202) 512-3841. Nancy Crothers, Cliff Fowler, Amy Webbink and Arvin Wu made key contributions to this statement.

Appendix: Demonstration Sites Visited

Region/sites visited	State
5—Pacific Southwest	
Enterprise Forest Project ^a	California
Shasta-Trinity National Forests (Shasta-Trinity National Recreation Area)	California
Klamath National Forest	California
6—Pacific Northwest	
Gifford Pinchot National Forest (Mount St. Helens National Volcanic Monument)	Washington
Columbia River Gorge National Scenic Area (Multnomah Falls)	Washington and Oregon
Colville National Forest	Washington
8—Southern	
North Carolina National Forests	North Carolina
Kisatchie National Forest	Louisiana
Texas National Forests	Texas

Source: GAO based on Forest Service data.

Note: We did not visit the Kisatchie National Forest site because it was closed due to a hurricane at the time we were conducting our fieldwork. We did, however, obtain documentation from the site manager on each of our review objectives.

^aThe Enterprise Forest project covers four national forests in Southern California: the Angeles, Cleveland, Los Padres, and San Bernardino forests. We visited the Angeles and San Bernardino National Forests.

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