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BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

Need To Reexamine The Federal Role In Planning, Selecting, And Funding State And Local Parks

Since 1965 the Federal Government has granted \$2.5 billion to States for planning, acquiring, and developing more than 27,000 parks and outdoor recreation facilities. During the 1980s an additional \$4.7 billion could be granted to States to further satisfy America's outdoor recreation needs. The Department of the Interior must manage the program more effectively by requiring States to improve their planning, selecting, and funding processes for providing recreation facilities.

States, counties, and cities are relying on Federal support to operate and maintain their recreation facilities as well as to finance, in some cases, up to 100 percent of recreation projects' acquisition and development costs. Because State and local government park systems are becoming dependent on Federal funding sources, the Congress should reexamine the Federal role and decide whether this trend should continue.

The President has not included funding for State recreation grants in his fiscal year 1982 budget. He proposes to limit additional acquisitions in an effort to promote better management of existing facilities. GAO agrees with the President's proposal.

GAO has also made several recommendations to the Secretary of the Interior to improve the controls and uses of the fund if State recreation grants are not eliminated.



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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

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To the President of the Senate and the
Speaker of the House of Representatives

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This report discusses the Department of the Interior's controls and uses of the Land and Water Conservation Fund. We evaluated how well the Department has managed the fund because of the significant Federal investment in recreation and because of increased public and continued congressional interest.

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We are sending copies of this report to the Director, Office of Management and Budget; the Secretary, Department of the Interior; and the Director, National Park Service.

Milton J. Aorolan

Acting Comptroller General
of the United States

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D I G E S T

In 1965 the Congress established the Land and Water Conservation Fund Act to stimulate private and public investment in a nationwide 25-year program to create new and expanded outdoor recreation areas and facilities. Through December 1980 the fund provided \$2.5 billion to States, counties, and cities to help them acquire private lands and develop recreation facilities. To implement the program, Federal and State outdoor recreation plans were prepared, but they have not always been used to help State and local officials make funding decisions for needed recreation projects. (See p. 1.)

The Heritage Conservation and Recreation Service, Department of the Interior (on February 19, 1981, the Secretary of the Interior transferred the functions of the Service to the National Park Service), developed new planning and project selection guidelines in 1980 to help States prepare plans and select projects. If these guidelines are clarified by the Service and implemented by States, they could result in a better basis for funding recreation projects. (See p. 22.)

States, counties, and cities are relying on Federal support to operate and maintain facilities and to help meet the act's matching requirement that States provide 50 percent of the funds to develop projects. If this trend continues, the Federal Government could provide most of the future funds for State and local government park systems developed through the fund. The Congress needs to decide whether it wants this trend to continue. (See p. 26.)

In his economic recovery plan, the President stated that the Government must learn to manage what it owns before it seeks to acquire more land. To help accomplish this, he has not included funding for State recreation grants from the fund in his fiscal year 1982 budget.

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Eliminating State grants could enable States to use funds they had earmarked for Land and Water Conservation Fund matching purposes to operate and maintain their existing parks and recreation systems. GAO agrees with the President's proposal. (See p. 25.)

VIALE STATE PLANS ARE NECESSARY
FOR EFFECTIVE SPENDING

State comprehensive outdoor recreation plans are the key to effectively implementing the Land and Water Conservation Fund Act. The act requires that these plans establish a framework for identifying recreation demands and needs and provide a basis for funding projects. Through December 1980 the Federal Government provided States with more than \$28 million to develop these plans. (See p. 10.)

In the 12 States GAO reviewed, improvements are needed in State planning methods and in project selection, approval, and funding. The Service and the States also need to develop methods to evaluate the effectiveness of projects financed through the fund as a basis for subsequent planning. (See p. 10.)

GAO and Interior's Office of Inspector General have already brought many of the problems to the Department's attention in prior reports. These problems are:

- State plans did not meet the Service's requirements for developing State comprehensive outdoor recreation plans.
- State plans were prepared primarily as a requirement to qualify for fund assistance rather than as a tool to be used in the project selection and approval process.
- Deficiencies in State plans included outdated supply and demand analyses, inaccurate priorities, and inadequate implementation systems.
- The Service approved program eligibility to States that submitted deficient plans.
- Some States with project rating systems were funding lower rated projects before those with higher ratings.

For example, the Service has identified weaknesses in Oregon's 1972 and 1978 State comprehensive outdoor recreation plans. Despite weaknesses such as an incomplete and unacceptable ongoing planning program the Service has granted Oregon eligibility for fund assistance. (See p. 16.)

In 1980 the Service issued new State comprehensive outdoor recreation planning requirements, which could improve State planning, and new project selection guidelines, which could help ensure that all project sponsors have an equal opportunity to participate in the program. However, GAO noted several provisions relating to project selection that need to be clarified or revised, such as distinguishing between State and local projects and obtaining public participation. (See p. 22.)

MAGNITUDE OF FEDERAL
FINANCIAL SUPPORT IS
INCREASING

The Land and Water Conservation Fund Act limits grants to 50 percent of the project cost and prohibits other Federal funds from being used as all or part of the grantees' matching share. However, subsequent legislation allows certain other Federal funding sources to be used to match fund grants. In some cases, projects were financed entirely with Federal funds. For example, in Mississippi most local governments use other Federal funds to match fund grants. As a result, about 73 percent of the total cost of all fund projects in Mississippi is borne by the Federal Government. (See p. 26.)

The act requires States to inform the Service of the sources of other Federal funds used to match fund grants, but poor recordkeeping and reporting make it difficult to determine the extent to which other Federal grant-in-aid funds are used to match grants. However, GAO identified 625 projects that used \$62.5 million in other Federal funds to fulfill the act's matching requirement. (See p. 25.)

OPERATING AND MAINTAINING
PARKS IS A MAJOR CONCERN

Rapid inflation and shrinking recreation budgets have made finding money to operate and maintain recreation facilities a primary issue facing State and local recreation agencies. The act requires grantees to provide appropriate written assurance that they have the ability and intention to operate and maintain projects developed through the fund. However, some State and local governments continue to request funding to acquire and develop new facilities even though they are having difficulty operating and maintaining their existing facilities. As some parks begin to deteriorate, State and local governments are relying on Federal funds to help run their park systems. (See p. 28.)

For example, Berkeley, California, has added 20 acres of parks since 1968 while the number of maintenance personnel decreased. The reduced staff, increased workload, deterioration due to age, and use of facilities have created a situation where it is impossible to make the repairs needed to keep the facilities functioning properly. (See p. 32.)

The Brookings Institution has reported that State and local governments have placed substantial reliance on funds made available through the Comprehensive Employment and Training Act (CETA) to pay employees in park and recreation activities. The report states that in one city with 489 park employees, CETA maintenance labor is approximately half of the entire parks' maintenance work force. (See p. 36.)

USER CHARGES COULD HELP SUPPORT
OPERATION AND MAINTENANCE

Recreation and park departments receive the majority of their funding from State and local taxes. As local government budgets continue to tighten, sources of money other than taxes, such as user charges, will become increasingly important to help promote economy and efficiency in acquiring, developing, operating, and maintaining recreation facilities. For example, user charges are a source of revenue that can lighten the burden on Federal, State, and local taxpayers. They also place the cost burden of publicly provided services on the recipients. (See p. 37.)

RECOMMENDATIONS TO THE SECRETARY
OF THE INTERIOR

The President has not included funding for State recreation grants from the Land and Water Conservation Fund in his fiscal year 1982 budget. This action will require congressional concurrence. If the Congress does not concur and the fund continues, the Secretary of the Interior should:

- Require States to prepare comprehensive outdoor recreation plans that identify and rank the recreational needs of the State and establish project funding priorities.
- Clarify and provide guidance to States on how the new project selection guidelines should be developed and implemented.
- Monitor State plan implementation to assure that the awarding of grants is directly linked to the planning process.
- Withhold States' eligibility to participate in the Land and Water Conservation Fund program during periods when plans do not meet applicable requirements, as determined under criteria established by the Secretary.
- Encourage States to collect user fees whenever practicable to lessen the burden of operation and maintenance costs on local tax revenues and Federal programs.

Because none of the States GAO reviewed have fully complied with the act in reporting the total amount of Federal funds for projects, the Secretary should:

- Develop uniform criteria to monitor the flow of all Federal funds to State and local governments, including a cross-referencing index system to identify the various Federal sources and amounts going to each project.
- Monitor the States to ensure compliance with the statutory requirements for disclosing the amount and sources of Federal funds.

Because it would be beneficial for State and local government financial planners to know the total financial obligation for a proposed project, the Secretary of the Interior should further encourage State and local governments to budget the entire life cycle costs of

proposed projects, showing the Federal contribution and the State or local government total obligation for the estimated useful life of the project. (See pp. 24 and 39.)

RECOMMENDATIONS TO THE CONGRESS

GAO recommends that the Congress accept the President's proposed elimination of funding to States for recreation projects from the Land and Water Conservation Fund because States are becoming dependent on Federal funding sources for planning, acquiring, developing, operating, and maintaining their outdoor recreation facilities. Should the fund continue, GAO recommends that the Congress review the Land and Water Conservation Fund Act's matching requirement and the act's corollary restriction against using Federal funding sources to satisfy the match. This review is essential if the Congress is to fully evaluate the local matching share requirements it initially envisioned in light of changed circumstances and more recent congressional enactments.

As part of this review, the Congress should decide whether the matching requirement should be eliminated or modified so that the match must be satisfied by State or local origin funds and resources, exclusive of funds available under other Federal grant-in-aid programs. If the matching requirement is retained or modified, the Congress should authorize the Secretary to waive all or part of the required match for fiscally stressed grantees. The existing requirement that grantees must provide appropriate assurances to the Secretary that they will be able to operate and maintain funded projects also should apply to grantees receiving such waivers.

Should the fund continue, GAO recommends that the Congress amend the Land and Water Conservation Fund Act to give the Secretary explicit authority to discontinue funding projects in whole or in part in States where it is determined that existing projects are not adequately operated and maintained. (See p. 40.)

APPRAISAL OF AGENCY AND STATE COMMENTS

GAO received comments from the Department of the Interior and 10 of the 12 States included in its review. (See p. 53.) It should be noted that

the Department's comments were received prior to the January 20, 1981, inauguration and they may not reflect the opinion of the current administration. The Department stated that the report properly identifies issues that are important to the effectiveness of the Land and Water Conservation Fund. However, the Department believes GAO's recommendation to withhold States' eligibility purely on the basis of existing deficiencies in "critical" planning requirements is inappropriate. GAO believes that for the Department to grant States extended periods of eligibility for 3 to 5 years when their plans continue to have recognized serious deficiencies is not in the best interests of the Government. The Department and some States also questioned some of the facts contained in the report.

Some comments from Interior and the States provided information that was useful for making corrections and for providing greater clarity and balance throughout the report. However, in no instance did Interior or State comments identify information that warranted revising GAO's conclusions or recommendations.

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ABBREVIATIONS

CETA	Comprehensive Employment and Training Act
CDBG	Community Development Block Grant
GAO	General Accounting Office
HCRS	Heritage Conservation and Recreation Service
LWCF	Land and Water Conservation Fund
SCORP	State Comprehensive Outdoor Recreation Plan

CHAPTER 1

INTRODUCTION

The Land and Water Conservation Fund Act of 1965 (Public Law 88-578, 78 Stat. 897-904) was enacted to stimulate private and public investment in a nationwide program to create new and expanded outdoor recreation areas and facilities. According to the act, the Land and Water Conservation Fund is intended to help preserve and develop outdoor recreation resources by

"* * * providing funds for and authorizing Federal assistance to the states in planning, acquisition and development of needed land and water areas and facilities * * *."

The fund is the largest Federal program providing money specifically to meet outdoor recreation needs. Since its inception, the fund has provided more than \$4.9 billion for planning, acquiring, and developing recreation facilities. At least 40 percent of the fund's annual appropriation is to be used by Federal agencies to acquire lands for Federal protection. The remaining amount is apportioned to the States and through States to local governments as matching grants-in-aid for outdoor recreation purposes.

THE PROGRAM

To allocate grants from the fund, the act identifies 55 "States" consisting of the 50 States, American Samoa, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands. A State liaison officer is designated by the Governor of each State to represent the State as the primary liaison with the Heritage Conservation and Recreation Service (HCRS), which administers the program. The officer is responsible for determining project eligibility for the State and the order in which projects are financed with fund assistance. Local government agencies can request grants from States.

Revenues for the fund come from Federal surplus real property sales, the Federal motorboat fuel tax, and Outer Continental Shelf mineral leasing receipts. The fund is authorized \$900 million annually through fiscal year 1989; however, annual appropriations have never exceeded \$737 million, with never more than \$370 million going to the States. Appropriations to the States totaled approximately \$2.5 billion during the first 16 years of the fund for planning, acquiring, and developing more than 27,000 parks and outdoor recreation facilities. During the 1980s an additional \$4.7 billion could be granted to States to further satisfy America's outdoor recreation needs.

The Land and Water Conservation Fund Act limits the total annual allocation a State may receive to no more than 10 percent

of the total amount allocated to all the States. It also requires that 40 percent of the first \$225 million, 30 percent of the next \$275 million, and 20 percent of all additional appropriations be apportioned equally among the States. The remaining appropriations are to be apportioned by the Secretary of the Interior based on need. In determining need, the Secretary considers the proportion that each State population bears to the total population of the United States and available Federal resources and programs in the particular States.

The apportionment of funds constitutes a commitment by the Secretary of the Interior to set aside a specified sum for a particular State but does not confer absolute entitlement. The Secretary issues a Certificate of Apportionment each year that earmarks the funds for each State. Funds apportioned to a State remain available to the State for 2 years after the year in which they were apportioned. If the funds are not expended or obligated at the end of this period, they are reapportioned by the Secretary without regard to the 10-percent limitation that an individual State can receive.

Each State's eligibility for financial assistance is contingent upon its having a State Comprehensive Outdoor Recreation Plan (SCORP) that has been approved by the Service. The State plan should be comprehensive and take into account all Federal, State, and local resources in the State and in nearby States, as well as private sector recreation facilities, in estimating the need for additional facilities. It should include provisions for serving segments of the population with specialized needs, such as the handicapped and the aged. The plan also should establish a program for its implementation.

Once a State plan is approved, the State can receive financial assistance for project proposals that comply with the Land and Water Conservation Fund Act and the Service's regulations. The fund's share of any project, however, cannot be more than 50 percent of project-related costs. Project proposals submitted by State liaison officers on behalf of their States or local governments must be approved by the Service before they can receive funding. Properties purchased or developed through the fund must be properly operated and maintained for outdoor recreation purposes.

THE FEDERAL ROLE

HCRS was established January 25, 1978, by the Secretary of the Interior to assume the functions and authorities of the former Bureau of Outdoor Recreation. The agency was created to be the focal point within the Federal Government for planning, evaluating, and coordinating the protection and preservation of the Nation's cultural and natural heritage and for assuring adequate outdoor recreation opportunities for all people. Some of

the Service's primary responsibilities are to maintain a nation-wide outdoor recreation plan, help States in planning, provide funds and technical assistance to States, and review and approve State plans.

The Land and Water Conservation Fund is administered by the Service's headquarters, the Alaska area office, and seven regional offices, which are shown on the map on page 6. The map also shows the amount of Federal obligations to the States through fiscal year 1979.

During the last 16 years, HCRS awarded \$764 million from the Land and Water Conservation Fund to the 12 States included in our review to help finance more than 5,900 State and local park and recreational projects. Without this financial assistance, many of those projects might not have been acquired and developed to provide recreational opportunities to the public.

On February 19, 1981, the Secretary of the Interior abolished HCRS and transferred its functions to the National Park Service. The Secretary undertook this action to achieve economy in the use of funds, personnel, and equipment and to improve program services.

PRIOR REPORTS

On October 5, 1972, we issued a report to the Congress entitled "Greater Benefits To More People Possible By Better Uses Of Federal Outdoor Recreation Grants (B-176823)". This report pointed out that

This is a report #, Not H/A

- Federal and State planning should be improved,
- meaningful priority systems and implementation plans were needed,
- grants were not always awarded to areas of greatest need,
- operating and maintaining recreational facilities was a problem, and
- evaluations were not made for assessing the effectiveness of recreation plans.

We found that these deficiencies still exist, and they are discussed in chapters 2 and 3.

Many of the problems we noted in this report and our prior report were also brought to Interior's attention by the Department's Office of Audit and Investigation, now known as the Office of Inspector General, in audits conducted during 1975 to 1978.

OBJECTIVES, SCOPE, AND METHODOLOGY

This report assesses how well HCRS has administered the share of the fund spent for State and local outdoor recreation. Our objective was to evaluate the basis for making grants from the fund, and if necessary, provide recommendations to help guide future public funding of park and recreational lands and facilities. We reviewed the planning, funding, and administration of land acquisition and outdoor recreation development projects financed through the fund in the District of Columbia, Alabama, California, Georgia, Florida, Louisiana, Maryland, Nevada, Oregon, Pennsylvania, and Texas. Limited work was also performed in Mississippi. (See app. I.) These States were selected to provide a cross section of funding levels, geographic dispersion, and representation of HCRS regional office coverage of the fund program. The following table shows the funding levels States have received through September 1979, which were considered in selecting States for review.

Federal funding received (millions)	Number of States within HCRS regions			States selected for review	Percent of total selected for review
	Not included in our review	Included in our review	Total		
over \$100	0	2	2	1	50
\$75-100	3	2	5	2	40
\$50-74	4	3	7	1	14
\$25-49	5	17	22	6	27
under \$25	<u>4</u>	<u>15</u>	<u>19</u>	<u>2</u>	11
Total	<u>16</u>	<u>39</u>	<u>55</u>	<u>12</u>	22

We also conducted our review at HCRS headquarters in Washington, D.C., and at five of the Service's regional offices: north-east region, Philadelphia, Pennsylvania; northwest region, Seattle, Washington; pacific southwest region, San Francisco, California; southcentral region, Albuquerque, New Mexico; and southeast region, Atlanta, Georgia.

In view of the large expenditures in the past and the potential for even greater expenditures during the remaining life of the fund, we made this review to evaluate the Service's administration, monitoring, and evaluation of that portion of the fund that is allocated to the States. The review emphasized: (1) the Service's nationwide outdoor recreation plan, (2) the States' effectiveness in preparing comprehensive outdoor recreation plans, (3) the implementation of State plans, (4) the extent to which these plans influence funding to acquire lands or develop facilities, and (5) the financial funding commitment of State and local governments to fund, operate, and maintain projects financed from

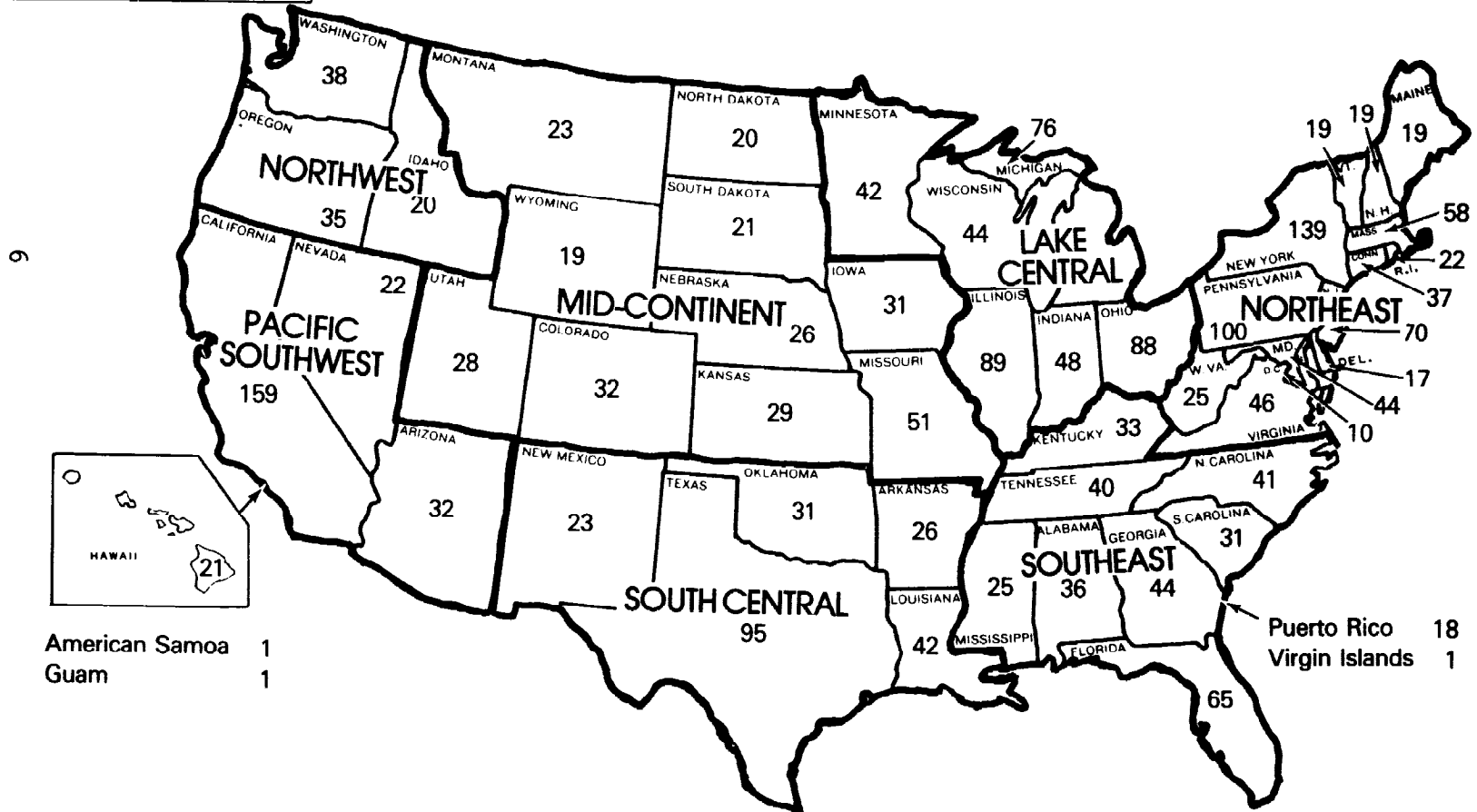
the fund. We also reviewed all Federal funding sources that HCRS recognizes as permissible to be used by grantees to help them meet the act's matching requirement.

We reviewed authorizing legislation; Service policies and procedures; and States' policies, procedures, plans, and priorities to determine whether needed outdoor recreation lands and facilities were being acquired and developed by grantees. We examined Federal and State records for grants awarded in fiscal years 1977-79. In addition, we interviewed Service, State, and local government officials.

We also engaged the services of Dr. Diana R. Dunn to provide technical assistance during the review. Dr. Dunn has had extensive recreation planning and research experience. She was Director of Research for the National Recreation and Park Association in Washington, D.C., and later joined the faculty at Temple University as associate professor of recreation and leisure studies. Currently, Dr. Dunn heads the recreation department at the University of Arizona. Before her employment with GAO, Dr. Dunn was a consultant for HCRS. Currently, she is evaluating the effectiveness of comprehensive recreation plans as a member of the National Research Agenda Project, which is sponsored by HCRS. Dr. Dunn developed 26 criteria that could be used by the Service and the States to assess future SCORPs. (See p. 23 and app. III.)



**HERITAGE CONSERVATION AND RECREATION SERVICE
REGIONS SHOWING LWCF OBLIGATION OF \$2.2 BILLION
THROUGH SEPTEMBER 1979
(Millions of Dollars)**



CHAPTER 2

OUTDOOR RECREATION PLANS--THE KEY

TO FUNDING PROJECTS

The Federal nationwide outdoor recreation plans and many State plans have lacked the guidance necessary to help State and local officials make funding decisions for outdoor recreation projects. In some cases, HCRS and States have viewed State plans as documents that are needed to qualify for fund grants rather than as plans to be implemented. Further, some States believe the priorities in their plans are so general that any project would qualify for funding and therefore select projects on that basis.

The planning process to award grants for outdoor recreation projects should be improved to ensure that maximum benefits are obtained from those funds authorized to be spent through 1989 when the fund is scheduled to terminate. Unless HCRS strengthens the administration of the fund program and requires States to improve their planning, selecting, and implementing processes, the recreational facilities needed most may not be funded during the 1980s. HCRS has revised and strengthened its regulations for State plan preparation and project selection. However, additional steps must be taken to improve program planning, selection, approval, follow up, and evaluation. If necessary, the Secretary can deny eligibility or withhold payments and funding commitments until States comply with Federal requirements.

The President proposed to eliminate funding for the State portion of the fund in fiscal year 1982 as part of his economic recovery plan. The elimination of the grant program would require congressional legislation to amend the Land and Water Conservation Fund Act of 1965. Should the Congress enact legislation eliminating the fund, Federal assistance from the fund for planning, acquiring, and developing State and local parks would cease. States, therefore, would have to look to their own revenues and sources other than the fund to assume the cost of performing these functions for their outdoor recreation programs.

AN ADEQUATE NATIONWIDE OUTDOOR RECREATION PLAN WAS OVERDUE

The Receptions Programs, Coordination and Development Act, Public Law 88-29, 77 Stat. 49, enacted on May 28, 1963, required the Secretary of the Interior to formulate and maintain a comprehensive nationwide outdoor recreation plan setting forth the needs and demands of the public for outdoor recreation and the current and future availability of resources to meet these demands. The

act stated that the plan should identify critical outdoor recreation problems and recommend solutions and desirable actions to be taken at each level of government and by private interests. This plan was to have been transmitted to the President and the Congress by May 1968 and was to be updated and reviewed at 5-year intervals.

During the first 15 years of the fund program, HCRS (and its predecessor, the Bureau of Outdoor Recreation) had not provided any nationwide outdoor recreation plan that States could use to help guide their outdoor planning efforts. In 1979 the Service established the Division of Nationwide Recreation Planning to oversee nationwide and State planning. It is responsible for preparing a comprehensive nationwide recreation plan and for helping States develop their plans.

Although the first nationwide outdoor recreation plan was to be published by 1968, it was late 1973 before the plan was sent to the Congress and the States. According to the Chief, Division of Nationwide Recreation Planning, and other Service planners, the 90-page, picture-filled plan entitled "Outdoor Recreation: A Legacy for America," was of little value to the Congress, Federal agencies, or the States. The plan failed to identify critical problems or provide a systematic implementation plan and provisions for follow up and evaluation that are crucial in a comprehensive nationwide plan.

The Bureau of Outdoor Recreation formulated a plan in 1970 entitled "The Recreation Imperative" that was not sent to the Congress or made public. In September 1974, however, the chairman of the Senate Committee on Interior and Insular Affairs printed the draft plan as a committee report to publicize the raw data of 7 years' effort--gathered from 1963 to 1970--and the expenditure of \$7 million. This plan also was incomplete and did not fulfill the comprehensive recreation planning objective mandated by Public Law 88-29.

The Chief and other planners from the Division of Nationwide Recreation Planning stated that producing a plan as comprehensive as called for in the legislation was difficult because of the Division's limited staff and the magnitude of the data required. They stated that these plans only partially considered individual SCORPs and any local municipal recreation plans. They further stated that the main drawback of these plans was the virtual absence of reliable, repetitive, and meaningful data on nationwide recreation trends to help States develop their individual plans and ensure that State planning would no longer occur in a vacuum.

By the time the 1973 and 1974 Federal plans were issued, most States were already operating under their second and third plans. As a result, their planning efforts did not benefit from guidance that could have been received had these Federal plans been available to them.

In December 1979 HCRS released the "Third Nationwide Outdoor Recreation Plan." Since the State plans included in our review predated this new publication by as much as 5 years, they were not influenced by it any more than they were by the first two plans. However, this plan does provide guidance to States for developing their plans and it should be of benefit to them for future planning efforts.

The "Third Nationwide Outdoor Recreation Plan" includes a detailed assessment of recreation in the United States, a survey of public participation in recreation in the United States, and a discussion of the effects Federal policies have on recreation. The plan also implements an ongoing series of annual action programs that will recommend changes in Federal policy on priority issues to improve recreation planning and all types of recreation-related programs at all levels of government and the private sector.

The 1979 annual action program discusses issues identified through a public participation process that collected hundreds of outdoor recreation issues from individuals and organizations in each State. The Secretary of the Interior selected from these issues those to be resolved in the plan's first annual action program. Task forces studied these issues and made policy recommendations. The resulting action program in the "Third Nationwide Outdoor Recreation Plan" focuses on nine major public policy issues (see app. IV) that affect, among other matters, water resources and energy conservation. The action program segment is the first real "plan" and should be regarded as a major initiative at the Federal level.

STATE PLANS ARE THE KEY TO FUNDING NEEDED PROJECTS

Developing and implementing realistic SCORPs is the key to effectively implementing the Land and Water Conservation Fund. HCRS approves State plans, if, in its judgment, they adequately evaluate the recreational needs of the State, provide a program for implementation, and promote the purposes of the act.

HCRS has eight mandatory requirements for a State comprehensive outdoor recreation plan:

--Introduction

- Summary of findings, policies, and recommendations.
- State characteristics.
- Appendix, which includes background studies, detailed demand and supply data, and other documents.
- Outdoor recreation inventory.
- Demand for outdoor recreation opportunities.
- Policies, standards, needs, and recommendations.
- Implementation program that identifies State actions to implement the plan.

HCRS officials generally consider the last four requirements as the most critical for State plans.

The Land and Water Conservation Fund has given States more than \$28 million to develop comprehensive outdoor recreation plans that have not always been used to identify or provide a basis for selecting needed recreation projects. Some States have collected massive amounts of information and conducted extensive statewide demand and needs analyses that have produced general and outdated plans. Also, many of the plans lack a realistic implementation process. In the 12 States included in our review, improvements are needed in State planning methods and in project selection, approval, and funding. HCRS and the States also need to devise methods to evaluate the effectiveness of fund expenditures as a basis for subsequent planning.

Many of the problems we noted in planning, selecting, and funding have already been brought to Interior's attention in GAO's 1972 report and in five reports issued between 1975 and 1978 by the Department's Office of Inspector General (formerly the Office of Audit and Investigation). These problems included the following:

- State plans did not meet the Service's requirements for developing SCORPs.
- State plans were prepared primarily as a requirement to qualify for fund assistance rather than as a tool to be used in the project selection and approval process.
- Deficiencies in State plans included outdated supply and demand analyses, inaccurate priorities, and inadequate implementation systems.

--HCRS approved program eligibility to States that submitted deficient plans.

--Some States with project rating systems were funding lower rated projects before those with higher ratings.

HCRS recognized the need for better State plans and in April 1980 issued new State comprehensive outdoor recreation planning requirements that could improve State planning for the use of the fund.

Methodologies result in incomplete, unachievable, and outdated State plans

Because each State is considered to have unique needs, States have generally been given considerable latitude by HCRS in preparing their plans. However, some State plans tend to be too general and out-of-date regarding national, State, and regional social, economic, and demographic trends. Also, some are independently developed publications prepared primarily to ensure eligibility for fund money rather than as sequential elements in a long-term planning process.

HCRS's general objectives for State plans acknowledge that the scope and content of each State plan will be influenced in large part by unique conditions within each State, and the States are encouraged to seek solutions that best fit their individual needs. However, as cited in the Land and Water Conservation Fund Grants-in-Aid Manual, to the extent possible, the State plan should be:

1. Comprehensive--encompassing all outdoor recreation activities, resources, and programs that are significant in providing outdoor opportunities within the State; recreation needs of all segments of the population, including special requirements of urban residents, the aged, low income groups, and the handicapped; recreation resources and factors of influence in neighboring States; and measures to preserve and enhance the quality of the outdoor recreation environment in both natural and manmade settings.
2. General--focusing on significant needs, trends, problems, and policies and directed to detailed questions such as site planning, use regulations, or specific locations.
3. Long range--looking at least 15 to 30 years into the future, reflecting creative foresight rather than relying solely on the projection of existing trends.

4. Action oriented--geared to the requirements of the decisionmaking process; containing actions that the State proposes to undertake directly; recommended actions of the Federal Government, local governments, and the private sector.

HCRS evaluates the State plans and, depending on the plans' quality and fulfillment of Service requirements, approves each State's eligibility to participate in the fund program. As part of our review, we evaluated 12 State plans that were currently in effect and reviewed HCRS evaluations of them.

By the mid-1970s State plans reflected second and third generation efforts at defining and assessing the supply or inventory of available recreation lands and facilities. Some States have shown a need for parks and recreational facilities without considering all factors available to determine those needs. More than half the State plans we reviewed used inventories of private facilities that were out of date or incomplete. In Louisiana, for example, inventories do not include facilities at all schools, hotels, motels, apartments, or private clubs. California does not consider some private facilities available at hotels, motels, condominiums, or membership organizations such as the YMCA. Both States, however, determine the need for facilities by including apartment and condominium occupants in the population that is generating demand.

The States we reviewed had developed computer systems of public inventories, but little progress had been made in two State plans we examined to integrate these inventories with recreation standards and citizen opinion to establish priorities.

Recreation standards established by States and used in their plans are typically combinations of national resource, space, and facility standards developed by the National Recreation and Park Association, by private consultants, or by means such as observing recreation activities.

One type of standard used by States prescribes land area per capita. Most acreage-per-capita standards are national in origin, however, and make no allowance for differences between communities or their financial ability to acquire lands to meet the standards. California, for example, uses this type of standard to quantify recreation deficiencies. First, recreational lands are measured against a standard of 10 acres of local park lands and 10 acres of regional park lands per 1,000

persons. California's most recent plan (published in 1974) showed an inventory of about 75,000 acres of local park lands, or less than 4 acres per 1,000 persons. To bring all counties up to the standard of 10 acres per 1,000 persons, approximately 127,000 acres of land must be acquired. Deficiencies in acreage for local parks were found in all 10 of California's recreation planning districts. About half of this deficiency (approximately 64,000 acres) was within one highly congested district that includes a large metropolitan city.

California also uses a computer model to compare the supply of recreation facilities with recreation-use patterns. This analysis indicates that, to accommodate California's existing and anticipated recreation demand levels, 59,000 camp units, 75,800 picnic units, 49,900 boat-access units, and 16,100 miles of riding and hiking trails, plus other visitor facilities, must be added to the existing supply. Both these analyses have shortcomings: (1) the results inherently impose goals that may be unattainable in light of generally high real estate costs in most population centers of the State and (2) trends toward limiting public spending, combined with increasing inflation, make it unlikely that local governments could afford to purchase, operate, and maintain the additional acreage even if it is available--which in many instances it may not be.

Some standards that have gained nationwide acceptance have been criticized by some recreation planners because they have been based on informally developed approximations or arbitrary judgments intended as guides. However, the standards have been expressed as authoritative requirements for decisionmaking in State plans. These national recreation standards show little, if any, concern for social indicators that affect the need for facilities, such as economic feasibility, recreation behavior, geography, or any other variable.

A critical element of State planning is the recognition that the fund program is finite--that from its inception the Congress intended that it end in 1989. Little evidence exists that the States considered the limited life of the fund in their planning efforts, and, they typically assessed their accomplishments in terms of funds spent rather than implementation of their plans.

Some State plans also reflected outdated data bases. Unfortunately for many States, to the extent that they are still used for policy and management decisions, these decisions will be based on data that will be more than a decade old before next-generation plans will be available in the 1980s. As an example, California's State plan was issued in 1974

with an inventory of existing parks and recreational facilities that was at least 5 years old and demand data that was 14 years old. An official of the State liaison officer's office said that a year after the 1974 State plan was released, local park and recreation officials complained that the priorities identified in the plan did not represent their needs. By the time the State plan was issued, it was already out of date and, therefore, not relied on when selecting fund projects.

Our evaluation of State plans also showed that many were developed from assumptions about our society that neither fully considered nor were flexible enough to meet many of the fundamental challenges confronting the United States. These included acknowledging an emerging energy crisis, the working mother, rising average age, central city and State nonwhite majorities, and single-parent households. In the future, State plans should also be evaluated on how well they address other challenges such as spiraling inflation, a declining standard of living, declining disposable income, and an era of fiscal limits.

Despite deficiencies in some State plans,
Federal funding eligibility is approved

State plans address many recreation issues responding to the needs of State and Federal agencies. State agencies contend that their outdoor recreation plans fulfill their needs for funding useful and beneficial facilities, but they are not always used as a guide to fund projects. The Service evaluates all State plans and over the years has identified weaknesses in some of them. Some States have lost eligibility for periods because they had not submitted plans on time or because plans did not fulfill all Federal requirements. None of the States we reviewed has ever lost any funds because of inadequate or low quality plans. Eventually, the plans with the more serious weaknesses were modified to meet at least minimum eligibility criteria and were approved within the time frame applicable for obligating funds. For plans with less serious weaknesses, eligibility was granted with the understanding that the deficiencies be corrected.

According to the Land and Water Conservation Fund Act, a State plan is to be considered adequate if, in the judgment of the Secretary, it "encompasses and will promote the purposes of the Act." In evaluating State plans, HCRS allows each of its regions some flexibility when interpreting and applying planning requirements to individual State plans. In its evaluations of State plans, HCRS is required to identify

portions of the plans that are deficient. HCRS' Grants-In-Aid Manual prescribes the various plan elements and guidelines for reviewing State plans and requires that the plans be reviewed for, among other things, their comprehensiveness and relationships between basic elements (demand, supply, deficiencies, and implementation program). The quality of the information submitted by the State is to be considered when recommending the term of eligibility to participate in the Land and Water Conservation Fund.

Prior to 1980, HCRS was authorized to approve a State's eligibility for a maximum of 5 years, depending on the quality of the State plan. States submitting plans with inadequacies identified by HCRS may receive shorter terms of eligibility or may be ruled ineligible until inadequacies are corrected. Generally, however, the Service will grant a shorter period of eligibility rather than deny eligibility altogether. Also, it should be recognized that HCRS does not consider all weaknesses it may identify in a State plan as sufficiently serious to warrant denying eligibility.

Starting in 1973, the Service offered States an option under which they could be granted continuing eligibility based on acceptance of a basic State plan coupled with a program to continuously update and implement it. HCRS would then annually evaluate these processes and require the States to correct any deficiencies. HCRS regulations provided that failure to meet any of the requirements under this option justified terminating this type of eligibility. Under both options HCRS requires that a new State plan be submitted every 5 years or whenever the State's period of eligibility expires.

During our review we noted instances where HCRS had granted States eligibility to participate in the program for periods of from 3 to 5 years, depending of the quality of the plan. Some of these plans received maximum eligibility even though there were known weaknesses in such basic elements as demand, supply, needs, policies and standards, and an implementation program, or in the planning process itself. In some cases, HCRS had denied States eligibility for short periods, as was the case of New Hampshire and the District of Columbia.

Although HCRS considered some plans' weaknesses to be serious, the gravity of its concern was not always reflected in the period of eligibility approved. The following examples illustrate how States are given fund eligibility even though their plans needed improvement.

California--California's current State plan was submitted to the Service in April 1974, and even though several weaknesses in the plan were found, eligibility was given for 4

years. According to HCRS's evaluation, the major weaknesses included an implementation plan that was too general, lack of goals and objectives, and the absence or limited discussion of many specific problems and issues. The HCRS evaluation report stated that:

"In the previous plan the lack of a detailed and firm action program was a problem. It is questionable if the action program in the updated plan has been improved, other than the strengthening of the recommendations."

* * * * *

"Of concern is the fact that the policy statements are not strong, and no attempt has been made to change or strengthen them since their inclusion in California's previous plan."

* * * * *

"An additional concern is that the plan contains no goals or objectives, as such."

In August 1976 California was granted approval to receive assistance under the continuing eligibility option. Under California's original planning agreement, a new State plan was to have been submitted in 1978, the end of the 4-year eligibility period. However, by approving California's request to be placed under the second option, California's 1978 State plan requirement was waived and a new date, 1981, was established. As a result, since 1978, California has been receiving its fund allotment and awarding grants without an updated and published comprehensive outdoor recreation plan that has been approved by HCRS.

Oregon--HCRS identified weaknesses in Oregon's 1972 and 1978 SCORPs. Despite weaknesses in its 1978 plan, HCRS granted Oregon eligibility for continued participation in the program.

While the Service's review found the supply, demand, and needs elements of the plan to be well conceived, organized and conducted, it disclosed weaknesses sufficient for rejection. For example, the Director of HCRS' northwest region revealed that the State plan did not contain a complete and acceptable ongoing planning program, one of the basic mandatory requirements included in HCRS regulations. Further, he stated that statistical information has not been used as effectively as it could have been in developing the implementation program, another basic requirement. Among others, the SCORP review notes the following weaknesses:

- A major concern is that the SCORP policy framework does not establish an effective program to meet priorities.
- There is no evidence in the SCORP that a formalized planning and coordinating process between State and local agencies has been established.
- The private sector inventory is not complete.
- The plan does not adequately address the needs of major urban areas.
- There is no evaluation of the needs of special populations.
- There is very little material describing how the State will carry out the action program.

Project selection process needs improvement

More than \$8.2 million from the fund has been spent on comprehensive outdoor recreation planning in the States we reviewed, yet we found very little--if any--correlation between the States' plans and their project selection and allocation processes. Because no prescribed uniform methods exist for States to allocate money from the fund and because of the general nature of State plans, most proposed projects qualified for assistance.

The act allows States to transfer funds to political subdivisions or other appropriate public agencies for any approved project. Consequently, States allocate funds by a variety of methods. Before approving projects, States may commit their apportionment to specified regions, districts, counties, cities, State agencies, or any other eligible designees. As a result, some of these allocation methods allow States to fund projects that, according to their project rating systems, are not rated as high as other proposed projects that do not receive funding.

Alabama, for example, did not have a system for ranking grant applications. The State selects and approves local projects on a first-come-first-served basis. When fund money becomes available, projects are funded based on date of receipt of project applications, regardless of priority. Our review of 159 projects funded in fiscal years 1977-79 revealed that Alabama selected and approved 7 projects that did not meet any of the needs identified in the State plan and 56 projects showed at least one recreation activity that was not identified in the State plan as being needed. Although these projects may have met recreation needs, the State lacked demand data at the city/county level to reflect such needs and, therefore, were not shown in the State plan as being needed.

At the time of our review, HCRS regulations required States to have programs that implement State plans and establish a general framework of priorities. The Director, Plans and Programs Division, Alabama Department of Conservation and Natural Resources, stated

"* * *that Alabama was preparing to implement the open project selection process guidelines mandated by HCRS and to clear up all previous commitments for local projects made to Alabama executive and legislative administrators by past Alabama fund managers, a shot-gun approach would be taken whereby any prior commitment would be given an opportunity to present a proposal for a grant and the first-come-first-served would become an all-come-all-served basis and be a viable process because Alabama has so many unmet recreational needs and all projects selected and/or served would satisfy some need."

The Chief, Grants Assistance, HCRS southeast region, said that with this type of criteria, the State could select any project for funding and feel justified.

Florida is another State that does not apportion its share of the fund to specific regions. Florida's project selection system, like Alabama's, does not rank grant applications according to priority needs. The State does have general criteria to select grant applications; however, this criteria is not used by State grant personnel, who rely on personal judgment to select projects. Although the Chief, Bureau of Recreation Planning and Local Assistance, Florida Department of Natural Resources, said that proposed projects are compared with the State plan's regional needs assessment, priority lists are not considered when reviewing selections. As a result, Florida tries to fund all proposed projects and has approved grants without assurances that priority needs are being satisfied. For instance, all but two applications were funded from 1975 to 1979, and these two projects were deferred only because fund money was not available.

One State official said that Florida's plan is very general and allows total flexibility in evaluating an applicant's need. Since the State plan identifies almost every possible form of recreation as being needed, the State could justify almost any project using the plan as criteria. Since the State plan is so general and the State does not rank projects according to need, we were unable to determine if priority facilities were being funded.

California allocates its fund apportionment according to State law, with 40 percent for State projects and 60 percent

for local projects--after deductions for the State planning grant and State contingency fund. State projects are selected through a long-range planning process. The 60-percent local share is divided on a fixed-dollar amount (\$50,000) going to each of 10 districts and the remainder is distributed on the basis of population, with the exception of one district, which only receives \$50,000.

The State's system for selecting projects at the local level, which has changed frequently, does not reflect fund allocations or recreation priorities identified in the State plan. Although the California plan shows recreation needs by each of 10 planning districts, the rating system that has been used to set project priorities has not taken into account State needs. This happened because soon after California's 1974 plan was issued, local park and recreation officials expressed concern that (1) the plan's priorities did not reflect the needs of the public and (2) the selection of projects based on the State plan resulted in unbalanced and inequitable fund distribution. In response to these concerns, public hearings were held that resulted in California's State liaison officer revising the selection and approval process for awarding grants to local governments. The revised process places primary emphasis on factors not related to the 1974 State plan--the basis of the State's eligibility to receive money from the fund.

Project applications are evaluated using various eliminating factors related to administrative and eligibility requirements, such as population density, access, acreage, availability of grantee's full time park and recreation staff, and expeditious completion rate. If eligible, projects are then ranked according to the results of a uniform point-based rating system. As a result, there is not necessarily a relationship between the numerical score of the proposed project and the recreational need identified in the State plan. Prior to fiscal year 1979, when a district had more funds available than the dollar amount of its proposed projects, the proposed projects were not rated, and if they were in conformance with the act, they generally received funding despite statewide needs or priorities. Currently, all proposed projects are ranked and the State liaison officer's staff will fund as many projects as it can until the allocation for each district expires. As a result, low-rated projects receive funding even though there might be several higher ranked projects in other planning districts not being funded because of the competition for limited funds.

For example, a review of project ratings for fiscal year 1978 showed that 50 out of 67 projects that were funded had lower ratings than unfunded projects with higher ratings. Further, a random selection of 87 projects funded

from 1974 through 1979 revealed that 11, or 13 percent, of the projects did not meet any of the priorities in the State plan. The State grants officer said that this was primarily due to the numerous changes made in project selection criteria since 1974.

The supervisor, Federal grants section, California Department of Recreation and Parks, said that he realizes that lower rated projects are being funded; however, he feels that this funding is necessary to achieve a geographical balance of recreation facilities and an equitable distribution of funds.

Oregon's policy for allocating its apportionment from the fund is similar to California's in that it distributes a fixed percentage each year to both State and local governments. However, Oregon's system is inefficient and lacks assurances that needed recreational facilities are in accordance with State plan priorities and are being funded at the local level. Funding to local governments is divided among 36 counties, each with a county liaison officer to administer the county allocation, who further distributes the funds among the State's 267 incorporated cities. Consequently, very modest sums are available for many small projects to meet recreational needs. In many instances, local projects have to be funded over several years on a piecemeal basis, with some receiving as many as 15 separate grants. Also, the administrative workload created as a result of this process is disproportionate to the funds involved.

Selecting projects to be funded is done by the county liaison officers with virtually complete autonomy. The method of selection varies among counties to the point that there are 36 different systems. The county liaison officers submit to the State only those projects they have selected and that cover their allocation base.

The lack of controls in Oregon's selection system makes it possible for county liaison officers to select projects regardless of need or priority identified in the State plan. Although there is no evidence to show that this is occurring, it is possible.

The Oregon State liaison officer's office recognized the shortcomings of the selection system for local projects and was, at the time of our review, developing another project rating and ranking system. In December 1980, subsequent to our review, the State liaison officer informed us that the State is in the process of adopting an administrative rule to conform with HCRS's open project selection process.

Evaluation process
could be improved

HCRS regulations require the Service to evaluate the States' administration of the program. These evaluations include analyzing how effective all fund-financed projects are in meeting the goals, recommendations, priorities, and objectives in the State plan. These evaluations, however, have been somewhat superficial. HCRS' grant review and approval process does not always consider whether proposed projects meet priority needs identified in State plans, and several HCRS officials have stated that approval has become, for the most part, a "rubber stamp" for grant requests.

The chief, grants section, northeast region stated that proposed projects need only fulfill minimal State needs in order to be approved. Project application files are merely stamped to show that the application is technically complete and eligible. Before this system, project officers did more and were required to write a project evaluation on each application as a basis for recommending or denying funding. Project officers do not concern themselves with how projects meet priority needs identified in State plans because they believe States should select the projects they want and that the Service's role is not to dictate what recreational lands and facilities a State should acquire or develop.

The pacific southwest region requires project officers to write evaluations for project applications. Of those evaluations we reviewed, however, only one-third indicated that the projects were in accordance with State plans; the other two-thirds based their recommendations for approval on the projects' technical eligibility and the completeness of the applications. None of the evaluations were made to determine if the project would help satisfy State priority recreation needs.

In the south-central region, as another example, the regional director told us that HCRS has a responsibility to approve only the most urgently needed projects. In practice, however, project officers approved applications submitted by States with little or no regard to a project's need or priority. According to the Chief, Division of Grants, since States know their needs best, he approves any project a State submits, assuming the project meets applicable Federal regulations. Project officers told us that they look for any and all possible reasons to approve grants. For example, if a project applicant can show any level of need, regardless

of priority, the project will be approved. If a project does not reflect any State need, officials may look for references to a local plan indicating some need. From fiscal years 1977-79, the south-central region did not deny any grant request because it did not meet State priorities.

New guidelines are useful,
but could be improved

HCRS, recognizing the inconsistent use or disregard of State plans as the basis for awarding fund grants, has issued new guidelines for project selection that could correct some of the problems. The emphasis of these guidelines is to establish requirements for a project selection process that better ensures equal opportunity for all project sponsors.

The guidelines require States to develop (1) a project rating system that places strong emphasis on a project's conformance with priority needs identified in the State plan and (2) a system for selecting projects that incorporates the rating system. When the open project selection guidelines are used in conjunction with State plans developed under the 1980 revised State comprehensive outdoor recreation planning requirements (which require priorities for fund assistance), the public's recreation needs should be better satisfied.

After reviewing the guidelines and discussing with State liaison officers the potential impact of the guidelines on their planning and implementation processes, we identified several provisions that need clarification or revision.

The guidelines require project proposals to be evaluated against each other on a statewide basis. They do not, however, distinguish between State and local projects. HCRS should decide whether project rating criteria should be distinguished between State and local projects.

The guidelines do not provide States with a basis for allocating fund apportionments. Some States have developed allocation formulas that distribute funds on a geographic or regional basis rather than on the basis of statewide competition or greatest need. We believe the guidelines should prohibit regional or geographic allocation formulas and require States to fund projects that address priority statewide needs, regardless of location.

The guidelines require public participation in the project selection process. Some States have commented that this requirement is already satisfied by the public participation requirement obtained while developing State plans. HCRS responded that the current citizen participation requirement that applies to the State planning process does not pertain to the open project selection process. Citizen participation during the planning process could be used to develop the project rating criteria and for project selection. If the States, in determining priorities, open their planning process to all segments of the general public, all recreation needs should be recognized. If this participation is occurring, requiring additional levels of increased public participation may be an administrative and economic burden that may be unwarranted.

Criteria developed to help assess SCORPS

Because of the weaknesses identified in the SCORPs we reviewed, our consultant developed 26 criteria that could be used by HCRS and the States as one method to assess the general objectives of all State plans. A State plan could be evaluated on how well it relates to the criteria, which include (1) the plan's comparability to prior plans, (2) public participation and involvement, (3) energy-related challenges, and (4) documentation of economic and social benefits from fund expenditures to date and planned. The Chief, Division of Nationwide Recreation Planning, agreed that the criteria developed would be one way of evaluating future State plans. The 26 criteria are listed in appendix III.

CONCLUSIONS

Developing viable SCORPs--with guidance from the nationwide plan--is essential to effectively implement the Land and Water Conservation Fund Act. State plans should establish a framework for identifying recreation demands and needs and provide a basis for funding needed projects. Projects have been financed, however, that do not meet States' or local communities' priority park and recreational needs because State plans are too general and State selection procedures do not ensure systematic methods to fund needed projects.

HCRS has issued new guidelines that could improve State processes to select and approve projects for financial assistance from the fund. However, HCRS should provide guidance to States on how the new guidelines should be implemented. With

an increasing demand for recreational facilities and a limited amount of resources to satisfy this demand, a need exists to fund facilities that will produce the most benefits for the money spent during the remaining years of the fund.

RECOMMENDATIONS TO THE SECRETARY
OF THE INTERIOR

The President has proposed eliminating the State share of the fund in fiscal year 1982, which would require congressional action. If the fund is not eliminated, the Secretary of the Interior should:

- Require States to prepare comprehensive outdoor recreation plans that identify and rank the recreational needs of the State and establish project funding priorities.
- Clarify and provide guidance to States on how the new project selection guidelines should be developed and implemented.
- Monitor State plan implementation to assure that the awarding of grants is directly linked to the planning process.
- Withhold States' eligibility to participate in the fund program during periods when plans do not meet applicable requirements, as determined under criteria established by the Secretary.

CHAPTER 3

INCREASING RELIANCE ON FEDERAL SUPPORT

The Land and Water Conservation Fund Act requires State and local governments to bear half the acquisition and development costs and all operation and maintenance costs of recreation facilities developed through the fund. However, many State and local governments are reaching the limit of their ability to meet these cost requirements. Subsequent legislation allows States and political subdivisions of States to use certain other Federal funding sources to satisfy LWCF local matching requirements, and many States are relying heavily on these additional funding sources to help finance their recreation programs.

The President has stated that the Government must learn to manage what it owns before it seeks to acquire more land. To help accomplish this, he has proposed eliminating funding for the State portion of the fund in his fiscal year 1982 budget. Eliminating the State share could enable States to use funds they had earmarked for land acquisition and development for the operation and maintenance of their existing parks and recreation systems.

Because of inaccurate State recordkeeping and reporting, neither we, the States, nor HCRS know the full extent to which Federal funds are used to match fund grants. We did, however, identify \$62.5 million in Federal funds used by State and local governments to match fund grants for 625 acquisition and development projects. Based on the Federal funding used on those projects and what HCRS and State officials told us, the amount nationwide could be substantial.

In addition, the Federal Government, especially through the Comprehensive Employment and Training Act (CETA), is heavily relied upon by recreation departments to operate and maintain their parks and outdoor recreation facilities, some of which were acquired and developed through the fund. In 1976 alone, more than \$600 million was provided to recreation departments to operate and maintain recreation facilities.

Many State and local governments across the Nation are struggling with operation and maintenance problems caused by rising costs, spiraling inflation, and shrinking budgets. HCRS, therefore, cannot be assured that all fund grantees have the financial ability to adequately operate and maintain facilities developed with grants from the fund.

INCREASING RELIANCE ON FEDERAL FUNDS TO MATCH FUND GRANTS

The act restricts grants to 50 percent of the project cost and requires the State or local government to finance the remaining share. Although the act prohibits using other Federal grant funds to satisfy the matching share requirement, a number of Federal programs--all enacted after the Land and Water Conservation Fund Act--explicitly authorize recipients to use such assistance to help meet local matching share requirements of other grant-in-aid programs. As a result, many fund projects receive assistance from other Federal programs to finance all or part of their matching share requirement.

HCRS recognizes 10 Federal programs (see app. II) that can be used to match fund grants. Federal and State officials said that many local governments rely heavily on Federal funds to provide the local matching share and that the need for Federal funding may become more acute each year as State and local government budgets for parks and outdoor recreation shrink because of spiraling inflation and budgetary cutbacks.

Local governments appear to have been hit hardest and, therefore, are relying on Federal sources to fund new parks and outdoor recreation facilities. In Alabama, for example, a State official estimated that as much as 90 percent of the local funds used to match fund grants were from such Federal sources as revenue sharing, community development block grants (CDBGs), or Appalachian Regional Commission funds. Mississippi officials said that in 1979 most local governments matched fund grants with other Federal sources. As a result, the Federal Government pays about 73 percent of the total cost of fund projects in Mississippi.

Poor recordkeeping by HCRS and the States makes it difficult to determine the extent to which other Federal grant-in-aid programs are used to match fund grants. However, our review of 1,796 projects funded during fiscal years 1977-79 in the 11 States (excluding Mississippi) selected for our review showed that 164 projects had used about \$19.2 million in Federal grant-in-aid funds from the 10 Federal programs HCRS recognizes to match these grants.

The table below summarizes the extent to which Federal funds were used to match fund grants in the 11 States during the 3-year period.

Fiscal year	Number of projects	Sources of funds				Total project costs	Percent of Federal funds
		Federal		Total	Other		
		Fund	Other				
------(millions)-----							
1977	51	\$ 7.9	\$ 5.1	\$13.0	\$4.7	\$17.7	73
1978	51	8.9	7.0	15.9	2.7	18.6	85
1979	<u>62</u>	<u>8.2</u>	<u>7.1</u>	<u>15.3</u>	<u>2.4</u>	<u>17.7</u>	86
Total	<u>164</u>	<u>\$25.0</u>	<u>\$19.2</u>	<u>\$44.2</u>	<u>\$9.8</u>	<u>\$54.0</u>	82

In a report to Congressman Robert Duncan (CED-80-23, Nov. 1, 1979), we also identified an additional 461 projects throughout the United States that received about \$43.3 million in financial assistance from other Federal programs. Of the total 625 projects we reviewed, the fund and other Federal programs provided about \$103 million, or 79 percent, of the projects' total costs. Of these projects, 154 were financed entirely with Federal funds and 102 averaged 90 to 99 percent Federal funding.

The Land and Water Conservation Fund Act was amended in 1976 to require States to provide information on the extent to which other Federal funds are used to match fund grants. The guidelines developed by the Secretary to implement the act's requirements are minimal and are not intended to impose an administrative burden on the States:

"The State will insert the total project costs and the amount and source of other funds (Federal, State, local, and donations) in the spaces provided * * *."

For each of the 3 years included in our review, HCRS headquarters had notified the States of current fiscal year annual report requirements and encouraged them to fully comply with those requirements. In its 1979 notification to the States, HCRS highlighted the fact that:

"The amount and source of other Federal assistance is of particular importance this year as the Office of Management and Budget and the General Accounting Office have been examining the matching share relationships between other Federal programs and the Land and Water Conservation Fund."

During fiscal years 1977-79, 7 of the 11 States we reviewed failed to report at least 83 projects that used \$11 million in Federal funds to match fund grants.

Fiscal year	Reported by States		Determined by our review		Difference not reported by States	
	Number of projects	Federal funds used as match (millions)	Number of projects	Federal funds used as match (millions)	Number of projects	Federal funds used as match (millions)
1977	17	\$1.7	51	\$ 5.1	34	\$ 3.4
1978	25	2.7	51	7.0	26	4.3
1979	<u>39</u>	<u>3.5</u>	<u>62</u>	<u>7.1</u>	<u>23</u>	<u>3.6</u>
Total	<u>81</u>	<u>\$7.9</u>	<u>164</u>	<u>\$19.2</u>	<u>83</u>	<u>\$11.3</u>

ADEQUATE FUNDING FOR OPERATION AND MAINTENANCE IS A MAJOR CONCERN

Finding money to operate and maintain recreation facilities is a primary issue facing State and local recreation agencies. Rapid inflation and shrinking recreation budgets have drastically reduced their ability to operate and maintain facilities. Some State and local governments continue to request funding to acquire and develop new facilities even though they are having difficulty operating and maintaining their existing facilities. As some parks begin to deteriorate, State and local governments are relying on Federal programs to provide the necessary funding to operate and maintain their park systems.

The following examples illustrate some of the problems that States are facing.

<u>State</u>	<u>Indications of operation and maintenance problems</u>
Alabama	Operating and maintaining recreation facilities in this State has been identified as a scattered and severe problem for some parks. The extent of the problems is unknown; however, employees funded through CETA are used to a great extent to operate and maintain parks.
California	Reductions in local tax revenues and inflation have reduced park and recreation budgets. Many local governments have cut back on staff and

hours of operation and have initiated or increased user fees to cope with budget cuts. Some local governments have entirely eliminated their parks and recreation departments. Many municipalities are using CETA to fund operation and maintenance--up to 54 percent of these costs in one city.

District of
Columbia

During recent inflationary periods, additions to the recreation facility system were made at the same time personnel, maintenance, and other operating costs continued to rise. The additional workload, together with continued aging of the system, has resulted in steady deterioration of numerous facilities. Meanwhile the city has been forced to refuse real property donations because of its inability to operate and maintain them.

Florida

The largest negative impact tight city budgets have had has been in operating and maintaining recreation facilities. It has caused most local recreation departments to reduce staff hours and increase or institute user fees. Some recreation facilities have had to close because of inadequate operation and maintenance funds.

Georgia

Inflation and fiscal cutbacks have placed a hardship on operating and maintaining many local recreation facilities. In some instances, maintenance has been totally eliminated. The local governments have relied heavily on Federal programs for support (up to 93 percent of the park staff in one city). Recent cutbacks in some of these programs, such as CETA, have caused some local governments to be left entirely without operation and maintenance services. The State has an inspection system to assure that maintenance will not be totally eliminated on Federally funded projects.

Louisiana

Some local governments, due to tight budgets and inflation, are not providing operation and maintenance services. Others are barely providing adequate operation and maintenance but are re-evaluating priorities and will have to make reductions in the future.

Maryland

Like other States, Maryland has experienced recent budget constraints in the operation and maintenance of public parks and recreation areas. The

problem is prompted from inflationary costs of services, supplies, and materials. Although this State has no problem matching Land and Water Conservation Funds on capital construction and land acquisition, increased use of many close-to-home parks has required more maintenance at higher costs. The State and local parks and recreation departments are experiencing actual operation and maintenance costs that far exceed budgeted funds.

- Nevada State officials said that the majority of the State's recreation facilities are relatively new, and as a result are not currently experiencing any operation and maintenance problems. They do feel, however, with current trends toward limiting public spending, that providing adequate funding for operation and maintenance may be a problem in the State's near future.
- Oregon Budget limitations are currently forcing local governments to reevaluate their programs for operating and maintaining recreation facilities, which has resulted in some facilities being temporarily closed.
- Pennsylvania The ability to provide operation and maintenance is one of the primary concerns in the State. Operation and maintenance expenditures in some municipalities have decreased in recent years, while capital improvement expenditures have increased. State operations and maintenance have been limited to the point that the State can no longer afford to keep some parks.
- Texas Fiscal cutbacks and inflation have adversely affected some local governments' recreation programs. Hours of operation have been reduced in some local parks, and some local governments are using CETA funds to finance operation and maintenance employees (up to 40 percent of the work force in one city).

Section 6(f) of the Land and Water Conservation Fund Act authorizes the Secretary of the Interior to withhold assistance for any acquisition or development project until appropriate written assurance is received from the State that it has the ability and intention to adequately operate and maintain the project. These assurances however, are of a prospective nature and are not always based on the grantee's historic record of operating and maintaining projects HCRS has already funded.

For States to determine whether properties acquired or developed with fund assistance are being maintained and used in accordance with program requirements, HCRS requires States to make post-completion inspections at least once every 3 years.

In actual practice, these inspections consist of determining whether the completed project is being adequately maintained. The Chief, Division of Grants Assistance, HCRS pacific southwest region, believes, however, that this practice is not enough. He believes that evaluating the grantee's ability to fund operation and maintenance before project approval would give some assurance that the project will be adequately maintained. The director of HCRS' pacific southwest region has recommended that each project sponsor prepare a maintenance impact statement to evaluate the long-term costs of maintaining each new acquisition or capital improvement project. If sponsors determine that operation and maintenance funding is a problem, this region provides technical assistance by identifying cost-saving and fund-raising alternatives. These actions have resulted in HCRS' April 1980 publication, the "Maintenance Impact Statement Handbook."

Rapid inflation and shrinking budgets have reduced operation and maintenance services

States are having difficulty securing sufficient funds to operate and maintain their park systems. In California, for example, tax reduction initiatives and inflation have dramatically reduced park and recreation budgets. After passage of a 1978 property tax initiative that reduced local government revenues in the State by \$7 billion, State and local officials were forced to reexamine the relative value of their programs and services. Since recreational services are widely considered to be optional or nonessential, most public officials, given the choice of cutting police and fire budgets or budgets for other services, cut back on recreation and other nonessential services. At least two cities have eliminated park and recreation departments, and in one large city a park will not be developed on land acquired with a fund grant because the city cannot properly operate and maintain it when completed.

A report by the California Parks and Recreation Society on the tax initiative's impact in the State concluded that park and recreation budgets were cut an average of 31 percent in cities with more than 50,000 people, 27 percent in smaller cities, and 10 percent in counties. The report pointed out that, although acquisition and development budgets were cut,

local officials were most concerned about reduced maintenance levels and continued operation and maintenance funding for existing and future facilities.

The following examples illustrate the problems some California cities are currently experiencing.

Berkeley, California

While Berkeley has added approximately 20 acres of parks since 1968, the number of maintenance personnel has decreased. The reduction in staff, the increased workload, the deterioration due to age and use of facilities, plus the addition of new facilities, have created a situation where, considering current staff and funds, making the repairs needed to keep the facilities functioning and the parks maintained at an adequate level is impossible.

Oakland, California

Oakland has experienced continual budgetary problems for the last 5 years. During this period, maintenance staff has been reduced 25 percent while energy and supply costs have increased 128 percent. At the same time, new facilities have been added, many with grant-in-aid assistance from the fund. The result: less money to maintain more facilities.

The outdoor recreation planner, HCRS pacific southwest region, stated that the greatest negative impact on operating and maintaining recreation facilities in California can be summed up as "deferred maintenance," affecting primarily the following areas:

- Reduced staff training.
- Lengthened equipment replacement cycles.
- No staff growth to cope with new facilities.
- Decline in maintenance levels.
- Loss of expertise.
- Increased related costs, such as vandalism.
- Increased reliance on mobile maintenance crews.
- Changing facilities from more centralized parks and

fewer miniparks to more passive parks 1/ that satisfy fewer recreational needs, but cost less to maintain.

--Eliminated programs and increased user fees.

--Lowered productivity and morale caused by friction between parks staff and recreation staff.

State and municipal recreation officials in the States we visited generally agreed that the current era of fiscal restraint will have its greatest recreation-related impact on the operation and maintenance of parks and recreation facilities. Most of these officials informed us that inflation and fiscal cutbacks have reduced the operation and maintenance of recreation facilities. For example, Florida's legislature recently placed a limit on the taxing authority of local governments, which has forced local governments to cut operation and maintenance services at many parks.

Some examples of projects affected by tight city budgets are:

Turkey Lake Recreation Area, Orlando, Florida

The operation and maintenance budget of this project has been cut back approximately \$70,000 over the past 2 years. Operation and maintenance staff were reduced from 16 to 5 full-time personnel and from 9 to 2 part-time staff. As a result, operation maintenance at the recreation area has been substantially reduced. City officials said that they have closed non-Federally funded parks so that they can operate and maintain this fund facility.

Spessard Holland Park, Brevard County, Florida

This project, which was financed from the fund, involved acquiring and developing beach property. Over the past 4 years, the maintenance staff has been reduced 50 percent. Also, during these years park use has increased 30 percent. The result has been severe maintenance problems and facility deterioration.

In many cases, project deterioration is brought about by the lack of preventive maintenance programs. The States acknowledge and have made HCRS aware of the increasing problems they and local communities are having trying to maintain

1/ A passive park generally does not have planned activities.

recreation and park facilities with decreasing operating budgets. The following examples illustrate the problem.

John F. Kennedy Playground, Washington, D.C.

The John F. Kennedy Playground was opened in 1965 to be operated and maintained by the District of Columbia Recreation Department. By 1972 the playground had deteriorated (mainly because of insufficient funds for maintenance) to the point that complete renovation was necessary. In 1973 the project was rebuilt at a cost of \$300,200, of which 50 percent was provided through a fund grant. By August 1977 the project had again deteriorated, mainly due to lack of maintenance, to the point that modernization was needed. In April 1980 the playground was still in need of repair, but the city does not know to what extent HCRS will participate in rehabilitating the playground.

Valley Forge National Historical Park, Pennsylvania

In July 1975 Pennsylvania authorized the transfer of Valley Forge State Park to the National Park Service. Limited operation and maintenance funding was a main reason why the Pennsylvania Historical and Museum Commission supported this transfer of the State's largest historical park. The commission reported an average annual operating budget of about \$616,000 for the 3 years before the transfer. In comparison, the National Park Service reported an average annual operating budget of about \$1,941,000, or an increase of about 315 percent, for the first 3 years of operation. The Park Service contends that this funding level is necessary to preserve and perpetuate the park for public use. This dramatic increase shows that operation and maintenance costs had escalated beyond the State's ability to provide funds for them.

Grants could overextend States' ability to provide adequate operation and maintenance

Traditionally, operation and maintenance costs have been a State and local responsibility; however, as these costs escalate they deplete local budgets to the point that a number of municipalities are unable or unwilling to commit additional funds to operate and maintain existing facilities. Despite these funding deficiencies, the HCRS fund continues to provide funds to acquire and develop new facilities, even though some State and local governments are having difficulty operating and maintaining their existing facilities.

In Pennsylvania, for example, two major State bond programs and the fund program have provided almost \$300 million since 1955 to acquire and develop State and local parks. This infusion of funds has added hundreds of recreational facilities to Pennsylvania's State and local park systems. In January 1980 Pennsylvania's Department of Community Affairs completed a budget and salary survey of the capital and operating budgets of 107 local recreation and park departments. This review indicated that capital budget dollars increased by 15 percent between 1978 and 1979 while operating budgets declined 14 percent during the same period. Further, because the State operation and maintenance budget has not kept pace with inflation, many of the State park system's older facilities have deteriorated to the point of requiring major rehabilitation. Currently, the State is trying to secure sufficient funds to pay for needed operation and maintenance and to begin rehabilitation work on a "worst-first" basis, but many park facilities continue to deteriorate.

Recreation agencies everywhere are searching for help to meet rising operation and maintenance costs. Headquarters and regional officials of HCRS view operation and maintenance as an important problem facing recreation today. HCRS realizes that it has the responsibility to take the lead in addressing the issue.

Demonstrated difficulties operating and maintaining existing recreation facilities could indicate a problem will also exist with respect to operating and maintaining new facilities. For example, the District of Columbia refused the donation of a community building--a multipurpose recreational facility--because it could not afford to operate and maintain it. Similarly, Pennsylvania leases seven reservoirs from the Army Corps of Engineers and is currently trying to terminate the leases because it can no longer afford the high operation and maintenance expense involved in keeping the reservoirs. Even though all of the States we reviewed indicated that they are having difficulties operating and maintaining existing park systems, they requested about \$86 million for additional acquisition and development in fiscal year 1980.

Local governments rely on Federal support

Although the fund is the largest Federal program providing funds specifically for outdoor recreation purposes, other Federal programs exist that provide aid to local governments. For example, many recreation departments rely heavily on CETA to operate and maintain their facilities.

In 1978 the Department of the Interior conducted a study of the needs, problems, and opportunities associated with urban recreation in highly populated regions. The study showed that many cities are using CETA funds for a significant number of recreation jobs. Most large urban areas support about 30 to 35 percent of their full-time staff from these funds. In Los Angeles, these funds accounted for 54 percent of the full-time parks and recreation staff. The report showed that, in 1976 alone, CETA grants contributed more than \$600 million to hire people to operate and maintain recreation facilities and programs.

The Brookings Institution issued a report in December 1979 entitled "Parks, Recreation, and Historic Preservation Allocations under the Community Development Block Grant" that addressed the use of CETA funds in 41 sample jurisdictions. The report pointed out that State and local governments have placed substantial reliance on funds made available through CETA to pay employees in park and recreation activities. The report cited the following examples:

"In one city the Department of Parks and Recreation has 489 employees: 403 in maintenance; 58 in recreation; and 28 in administrative support. CETA maintenance labor represents approximately one-half of the entire parks maintenance work force. The city prides itself on running clean, well-kept parks. Without CETA labor the parks would be drier and browner and maintenance would be performed by roving work crews on a less frequent basis." [Emphasis added.]

* * * * *

"Since 1975, another city's reliance on CETA employees for parks and recreation activities has been extreme. Indeed, from the parks department perspective, CETA far outshadows community development block grants in importance. More than 25 percent of the regular employees of the parks department are CETA employees. These individuals greatly augment the general park's operation activities of regular city employees. In addition, and perhaps more importantly, most of the 'bricks and mortar' activities completed in city parks during the last 2 years have been done by additional CETA workers contracted out of the city's job stimulus program. These crews have, in effect, 'finished' many of the city's parks."

As the report pointed out, local governments have placed a substantial reliance on funds from the CETA program. These funds, however, are not restricted to recreation and are subject to competition with other needs. Thus, if future funding levels of the CETA program are reduced or the program is eliminated, recreation services could be cut.

USER CHARGES COULD HELP SUPPORT OPERATION AND MAINTENANCE

Recreation and park departments receive the majority of their funding from State and local taxes. As local government budgets continue to tighten, sources of money other than taxes, such as user charges, will become increasingly important. We believe user charges can help promote economy and efficiency in acquiring, developing, operating, and maintaining recreation facilities.

In our March 28, 1980, report entitled "The Congress Should Consider Exploring Opportunities To Expand And Improve The Application Of User Charges By Federal Agencies" (PAD-80-25), we discussed the pros and cons of user charges. We found that replacing or supplementing taxes with user charges for publicly provided services is desirable for several reasons. They are equitable because they place the cost burden of publicly provided services on the recipients. They also act as a market test for costly services, which ensures that costs do not exceed benefits. User charges are also a revenue source that can lighten the burden on Federal, State, and local taxpayers. They also reduce the taxes needed to finance additional recreational facilities because charging higher user fees often reduces recipient demand. Finally, charging a fee for services provided by governments contributes to a more efficient allocation of these services.

However, arguments also exist against imposing user charges. First, charges may be viewed as inequitable since individuals with lower incomes may not be able to afford access. Second, some publicly provided services are considered desirable for society as a whole. Finally, in some cases, the administrative expense of charging may be prohibitive.

There is a growing belief among recreation providers that those who receive special recreational benefits should bear the associated costs. According to one study, the American public has shown a willingness to pay more for recreation services. The study concluded that increasing user fees does not reduce park attendance in the long run.

In fact, many recreation managers believe fees encourage participation by indirectly discouraging vandalism and abuse of facilities.

To make up for operation and maintenance budget cuts in California, many local governments have increased user fees. According to a recent survey conducted by the California Park and Recreation Society, 85 percent of the local governments contacted had increased user fees. However, the increased user fees charged to cope with budget cuts have provided only a small portion of the costs and some groups are more adversely affected by user fees than others. Low-income persons in the inner cities, for example, are the hardest hit as a result of budget reductions and are among those who can least afford to pay user fees.

CONCLUSIONS

Many fund grantees are becoming increasingly dependent on other Federal programs to help finance their share of park and outdoor recreation facilities financed through the fund. This increased dependency was not foreseen or intended when the program began in 1965. But, as a result of legislation that allows Federal funds to be used to match fund grants and the general fiscal condition of many fund grantees, States are relying more heavily on Federal financial assistance to acquire and develop parks and outdoor recreation facilities. Using these other Federal funds could cause some local governments to overextend their ability to adequately operate and maintain projects after acquisition and development.

Many State and local governments continue to request acquisition and development grants even though they are having difficulty operating and maintaining their existing park systems. Unless controls and limits are placed on capital improvement programs, many grantees could acquire and develop recreation facilities that they cannot adequately operate and maintain.

The present trend of increased reliance on Federal support for operation and maintenance funds and to help satisfy the LWCF matching requirements could lead to the Federal Government's providing most of the funds for project planning, land acquisition, facility development, and operation and maintenance of State and local government park systems developed through the fund. We believe this Federal financial commitment to State and local park systems was not intended under the act.

The President has stated that the Government must learn to manage what it owns before it seeks to acquire more land. To help accomplish this, he has proposed to eliminate funding for the State portion of the LWCF in his fiscal year 1982 budget. We agree with the proposed budget cut. Eliminating the State share could enable States to use funds they had earmarked for land acquisition and development for the operation and maintenance of their existing parks and recreation systems.

As an alternative to Federal support, State and local governments could lighten the burden on taxpayers and State and local budgets by charging user fees to help promote economy and efficiency in acquiring, developing, operating, and maintaining recreational facilities.

RECOMMENDATIONS TO THE SECRETARY OF THE INTERIOR SHOULD THE FUND CONTINUE

Because none of the States GAO reviewed have fully complied with the Land and Water Conservation Fund Act in reporting the total amount of Federal funds for projects, the Secretary should:

- Develop uniform criteria for monitoring the flow of all Federal funds to State and local governments, including a cross-referencing index system to identify the various Federal sources and amounts going to each project.
- Monitor the States to ensure compliance with the statutory requirements for disclosing the amount and sources of Federal funds.

Because it would be beneficial for State and local government financial planners to know the total financial obligation for a proposed project, the Secretary of the Interior should encourage State and local governments to budget the entire life-cycle costs of proposed projects showing the Federal contribution and the State or local government total obligation for the estimated useful life of the project.

The Secretary should also encourage States to collect user fees whenever practicable to lessen the burden of operation and maintenance costs on local tax revenues and Federal programs.

RECOMMENDATIONS TO THE CONGRESS

We recommend that the Congress accept the President's proposed elimination of funding to States for recreation projects from the Land and Water Conservation Fund because States are becoming dependent on Federal funding sources for planning, acquiring, developing, operating, and maintaining their outdoor recreation facilities. Should the fund continue, we recommend that the Congress review the Land and Water Conservation Fund Act's matching requirement and the act's corollary restriction against using Federal funding sources to satisfy the match. This review is essential if the Congress is to fully evaluate the local matching share requirements it initially envisioned in light of changed circumstances and more recent congressional enactments.

As part of this review, the Congress should decide whether the matching requirement should be eliminated or modified so that the match must be satisfied by State or local origin funds and resources, exclusive of funds available under other Federal grant-in-aid programs. If the matching requirement is retained or modified, the Congress should authorize the Secretary to waive all or part of the required match for fiscally stressed grantees. The existing requirement that grantees must provide appropriate assurances to the Secretary that they will be able to operate and maintain funded projects also should apply to grantees receiving such waivers.

Should the fund continue, we also recommend that the Congress amend the Land and Water Conservation Fund Act to provide the Secretary with explicit authority to discontinue funding projects in whole or in part in States where it is determined that existing projects are not adequately operated and maintained.

CHAPTER 4

AGENCY AND STATE COMMENTS AND OUR EVALUATION

In November 1980 we requested written comments from the Department of the Interior and 12 States included in our review. By January 1981 we received comments from the Department and 10 of the States. Overall, the Department disagreed with only one of our recommendations, yet raised questions, as did some States, with some of the facts contained in the report. It should be noted that the Department's comments were received prior to the January 20, 1981, inauguration and they may not reflect the opinions of the current administration.

This chapter summarizes Department and State comments and our evaluations. Appendixes V through XV contain detailed responses to these comments.

DEPARTMENT OF THE INTERIOR

HCERS believes our recommendation to withhold States' eligibility purely on the basis of existing deficiencies in "critical" planning requirements is simply inappropriate. HCERS acknowledges, however, that no perfect plans exist and that the quality of each can certainly be improved.

As discussed in the report, we believe that for HCERS to grant extended periods of eligibility for 3 to 5 years when there continue to be recognized serious deficiencies in plans is not in the best interests of the Government. More attention should be paid to determining the adequacy of a plan before the eligibility is approved. Where deficiencies are noted, they should be corrected as soon as practicable after initial plan submission. We believe the Department should be committed to the most efficient and effective uses of the fund that can be achieved through acceptable State plans. (See p. 56.)

HCERS stated that our review of the State comprehensive outdoor recreation planning process as a basis for funding LWCF projects provided a narrow perspective of their effectiveness. HCERS believes the States have initiated many activities, such as legislation, bonding issues, and special studies, which often have had a greater impact on meeting recreation needs than fund acquisition and development projects.

We agree that State plans influence the entire range of recreation resources and programs within a State. However, because State plans are the basis for eligibility to participate in the Land and Water Conservation Fund, they need to be considered in assessing how HCERS administers the fund as it relates to federally financed State and local outdoor recreation projects. (See p. 55.)

HCRS stated that the report does not substantiate our finding that State plans are used primarily as a basis for HCRS to approve States' eligibility to receive money from the Land and Water Conservation Fund.

We disagree. HCRS and State officials have stated that SCORPs are sometimes evaluated as eligibility documents rather than as plans and that they are not always used for setting priorities for fund expenditures. Further, HCRS' January 13, 1981, comments agreed that some States viewed preparation of the State plan exclusively as a vehicle for eligibility. (See pp. 56 and 70.)

HCRS believes the report provides a one-sided view that the use of other Federal funds to meet the matching requirement of the act is inherently wrong.

We disagree. Our concern here is that States are becoming increasingly dependent on Federal funding sources, whether from the Land and Water Conservation Fund or other programs, to finance their outdoor recreation needs.

What HCRS also seems to overlook is the possible desirability of reducing the overall scope of grant projects. Although doubling the investment in recreation may be a laudable objective during times of fiscal prosperity, during times of fiscal stress it would not be unreasonable to expect that at least some grantees would have budgetary priorities exceeding recreation needs; therefore, grantees could reduce the scope of projects accordingly rather than continue to rely on the Federal Government to provide the necessary funding. (See pp. 88-92.)

The Department also believes our report figures indicating the total Federal contribution to State and local recreation projects could be misleading. Although the Department is required to report annually the extent to which other Federal grant-in-aid programs are being used to match fund grants, it admits that it has been deficient in obtaining and reporting this information. The basis for this comment is therefore questionable since HCRS does not know the exact amount of other Federal funds used to match LWCF grants.

We do not believe our figures are misleading. The figures in our report are based on grants for which the grantee has volunteered the financial information. We have been informed that many grant recipients consider Federal funds, such as CDBGs and revenue sharing, as their money and do not report them as Federal funds. Many States agreed that more CDBG and revenue sharing funds are being used to match LWCF grants than what is reported. Accordingly, we believe our figures are not misleading and that they present a conservative picture on the extent to which other Federal funds are being used to match LWCF grants. (See p. 90.)

District of Columbia

The District stated that inflation, increased workload, and the continued aging of the system have resulted in steady deterioration of numerous facilities. Further, the city has had to refuse real property donations because of its inability to operate and maintain them. (See p. 101.)

We believe the District of Columbia's comments support our report findings.

MARYLAND

Maryland commented that

"In the late 1960's, the Land and Water Conservation Fund was acclaimed as the most effective and responsive Federal grant-in-aid program in the nation. Today its reputation is one of lacking identity with local needs. Many times the effort to obtain the Federal assistance results in a hardship to the applicant rather than an effective and successful effort to meet identified needs. We believe the public deserves a more sensitive and responsive administration of the Land and Water Conservation Fund."

Maryland also said that it, like other States, has experienced recent budget constraints in the operation and maintenance of public parks and recreation areas. (See p. 102.)

We believe Maryland's statement supports our report findings.

PENNSYLVANIA

The State noted some incorrect cost figures and requested that we clarify our statement to show that Pennsylvania's State park operation and maintenance budget has steadily increased over the past few years but that these appropriations have not increased as fast as the annual rate of inflation. This has resulted in a reduction of the State's overall capability for operation and maintenance purposes. (See p. 104.)

We have corrected the typographical errors and clarified our statement to show that State operation and maintenance budgets have not kept pace with inflation.

NEVADA AND FLORIDA

The States questioned how we developed a schedule in the draft report entitled "Critical Planning Requirements." (See pp. 106 and 107.)

After further analysis of the information we obtained, we determined that the schedule was not factually correct and we deleted it from the report.

TEXAS

The State said that the report appears to accurately reflect the situation in Texas. (See p. 108.)

CALIFORNIA

The State commented that it was an impediment not to have the full draft report to review. The State also said that factual errors pointed out during the exit interview were retained in the draft. (See p. 109.)

As discussed in the report on page 59 our policy to provide persons and organizations outside the Federal Government with only those sections of the report that apply to their activities. Further, we have reviewed the report and made corrections and clarifications where they were warranted.

OREGON

The State pointed out several sections of the report that needed clarification. For example, it felt it was important to note that the State is in the process of implementing an open project selection process. It also pointed out that our statement that deficiencies in its 1978 plan have not been corrected by January 1980 is in error. (See p. 114.)

We have clarified our statements.

ALABAMA

The State commented that we paraphrased a statement made by its Director, Plans and Programs Division, and requested that the full text of the statement be included in the report. (See p. 117.)

We included the full text of the statement.

GEORGIA

The State is concerned that our report incorrectly implies that Georgia is in favor of using LWCF funds for operation and maintenance purposes. Further, it wanted to point out that its post-completion inspection system is fully operational and that it believes the system will assure that maintenance will not be totally eliminated on federally funded facilities. (See p. 120.)

We do not suggest that Georgia wants to amend the fund to allow for operation and maintenance expenditures. We have included Georgia's statement that its post-completion inspection system is now operational.

LAND AND WATER CONSERVATION FUNDGRANTEES SELECTED FOR REVIEW

	<u>1980</u> <u>Apportionment</u>	<u>Percent</u>
Alabama	\$ 4,965,102	1.7
California	21,801,545	7.3
District of Columbia	1,095,672	0.4
Florida	9,540,842	3.2
Georgia	5,845,000	1.9
Louisiana	5,136,733	1.7
Maryland	5,866,896	1.9
Mississippi	3,568,123	1.2
Nevada	2,710,846	0.9
Oregon	3,935,246	1.3
Pennsylvania	12,484,996	4.2
Texas	<u>12,622,571</u>	<u>4.2</u>
Total	\$ 89,573,572	29.9
Other States	201,426,428	67.1
Secretary's contingency fund	<u>9,000,000</u>	<u>3.0</u>
Total	<u>\$300,000,000</u>	<u>100.0</u>

FEDERAL PROGRAMS USED TO SATISFY
THE MATCH REQUIRED FOR LAND AND
WATER CONSERVATION FUND GRANTS

1. Housing and Community Development Act of 1974 (Public Law 93-383), as amended

Section 105(a)(9) of the act specifically provides that community development assistance funds could be used for "payment of the non-Federal share required in connection with a Federal grant-in-aid program undertaken as part of the Community Development Program."

2. Housing and Urban Development Act of 1970 (Public Law 91-609), as amended

Title VII of this act, also referred to as the Urban Growth and New Communities Development Act of 1970, authorizes the Secretary of Housing and Urban Development to make supplementary grants to State and local entities for new community assistance projects if such projects are necessary or desirable for carrying out a new community development assistance program. Supplementary grants may not exceed 20 percent of the project cost. "New community assistance projects" is defined to include grant assistance provided under section 5 of the Land and Water Conservation Fund Act.

3. Public Works and Economic Development Act of 1965 (Public Law 89-136) as amended by Public Laws 91-123 and 94-487

Section 101 authorizes the Secretary of Commerce through the Economic Development Administration to make supplementary grants to enable the States and other entities within redevelopment areas to take maximum advantage of designated Federal grant-in-aid programs. A memorandum of agreement was signed between the Economic Development Administration and the Bureau of Outdoor Recreation (now HCRS) to implement the purposes of the section in April 1968.

Section 205 of Public Law 91-123 authorizes the Secretary of Commerce to make supplementary grants through the regional commissions to enable States and other entities

within economic development regions to take maximum advantage of Federal grants-in-aid programs.

Section 118 of Public Law 94-487 provides that one "Federal grant-in-aid program" eligible for assistance is the Land and Water Conservation Fund program.

4. Emergency Jobs and Unemployment Assistance Act of 1974 (Public Law 93-567), as amended

This act amends the Public Works and Economic Development Act of 1965 by adding a new Title X--Jobs Opportunities Program--to provide emergency financial assistance to stimulate job creation activities in areas of high unemployment. Section 1003(b)(3) states that whenever special funds are provided under this title through existing Federal assistance programs, the law governing such assistance must be followed, except for:

"3) the Federal contribution to any State or local government, whenever the * * * Federal Government determines that any non-Federal contribution cannot reasonably be obtained by the State or local government concerned."

A Department Solicitor's Opinion dated June 12, 1975, held that Title X funds could be used to satisfy the match required under the Land and Water Conservation Fund Act.

5. Appalachian Regional Development Act of 1965 (Public Law 89-4), as amended by Public Law 92-65

Section 214(a) authorizes the Appalachian Regional Commission to make supplementary grants to enable people, States, and local communities in the region, including local development districts, to take maximum advantage of Federal grants-in-aid programs. The grants-in-aid programs referenced include the assistance authorized by the Land and Water Conservation Fund Act. A Department Solicitor's Opinion dated August 31, 1971, held that commission funds could be used as local matching funds for fund projects.

6. Trident Community Impact Program (Public Law 93-552)

Section 608 of the Military Construction Authorization Act of 1975 establishes a Trident Community Impact Assistance Program and authorizes the Secretary of Defense to use funds to augment normal Federal-aid programs in communities near the Trident Support Site, Bangor, Washington, to meet the costs of providing increased municipal services and facilities to the residents of such communities. A Memorandum of Agreement was signed between the Department of Defense and the Department of the Interior on May 7, 1976.

7. Indian Self Determination and Education Assistance Act (Public Law 93-638)

Section 104(a) authorizes the Secretary of the Interior, upon the request of any Indian tribe, to contract with or make a grant to any tribal organization for several purposes including "the strengthening or improvement of tribal government." Recreation facilities that serve that purpose are eligible for funding under this act. Section 104(c) states that the provisions of any other act notwithstanding, any funds made available to a tribal organization under grants pursuant to section 104 may be used as matching shares for any other Federal grant programs that contribute to the purposes for which grants under section 104 are made. A Department Solicitor's Opinion dated August 17, 1976, concludes that these funds can be used as local matching funds.

8. Local Public Works Capital Development and Investment Act of 1976

Title I, section 104 allows the Economic Development Administration to make supplemental grants to other federally funded projects to provide up to 100 percent Federal financing where the non-Federal share is lacking.

9. State and Local Fiscal Assistance Act of 1972 (Public Law 92-512), as amended, by the State and Local Fiscal Assistance Amendments of 1976 (Public Law 94-488)

Section 104 of the original act, which prohibited revenue sharing funds from being used as matching

funds by State or local governments for Federal assistance programs, was eliminated by section 4 of the 1976 amendments. On November 2, 1976, the Department of the Interior's Solicitor's Office concurred with HCRS' position that the specific repeal of section 104 made revenue sharing funds eligible for use as local matching funds for the fund program.

10. Agricultural Credit Act of 1978 (Public Law 95-334)

The Agricultural Credit Act of 1978 amends the Consolidated Farm and Rural Development Act by adding a new section 347, which provides that notwithstanding any other provision of law, other departments, agencies, or executive establishments of the Federal Government may participate jointly in any assistance program administered by the Farmers Home Administration. This language is substantially the same as that provided to the Farmers Home Administration by the Department's Solicitor's Office during a legislative drafting effort to permit other Federal funding of projects being financed by the Farmers Home Administration. However, participation is allowed only if the Farmers Home Administration loan is secured by means other than land; that is, chattel, general obligation bonds, or general taxes. Loans secured through liens against a project area do not guarantee sponsor control or tenure adequate to qualify for fund participation.

CRITERIA DEVELOPED TO ASSESS SCORPs

1. Process versus product orientation
2. Involvement and coordination with other agencies
3. Recognition of legislated end to the fund program
4. Comparability to prior plans
5. Public participation and involvement
6. Treatment of cost/benefit aspects of fund expenditures
7. Consideration of economic impact of the fund
8. Concern with population/demographic trends
9. Recognition of unfolding economic issues such as recession and inflation
10. Energy-related challenges
11. Concern with conservation, environment, and heritage
12. Involvement and recognition of minority/affirmative action concerns
13. Treatment of urban outdoor recreation concerns
14. Recognition and treatment of employment possibilities from fund expenditures
15. Existence of specific criteria to evaluate fund projects
16. Interdependence of recreation and economic development
17. Recognition and concern with issues of accessibility, particularly with respect to the disabled, poor, and urban populations
18. Concern and planning with and for special populations, including the aging

19. Documentation of economic and social benefits from fund expenditures to date and planned
20. Implementation of prior SCORPs
21. Relationships to the nationwide outdoor recreation plan
22. Issues of land acquisitions
23. Recognition and treatment of emerging trends such as changes in the amount of leisure time among population segments and trends to smaller residences, including condominiums/townhouses
24. Existence of an action program
25. Treatment of zoning and land use issues
26. Recognition and treatment of issues revolving around increasing costs of operation and maintenance

1979 NATIONWIDE OUTDOOR RECREATION

PLAN ACTION PROGRAM ISSUES

1. Federal land acquisition
2. Wild, scenic, and recreation rivers
3. National trails and trail systems
4. Water resources
5. Energy conservation
6. Environmental education
7. The handicapped
8. The private sector
9. Research



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

Mr. Henry Eschwege
Director
Community and Economic
Development Division
General Accounting Office
Washington, D.C. 20540

Dear Mr. Eschwege:

I appreciate the opportunity to comment on the General Accounting Office's (GAO) draft report entitled "The Congress and Interior should look at how State and Local Parks are Planned and Funded." After an indepth review by GAO, we are pleased to note there are no findings of waste, abuse, mismanagement or improper expenditure of funds.

Our enclosed comments on the draft report are divided into two parts. The first part addresses chapters 1 and 2 of the draft report which covers statewide comprehensive outdoor recreation planning and the selection of Land and Water Conservation Fund projects. The second part of our review comments address chapter 3 of the draft report on State and local reliance on Federal funding for parks and recreation. The subsections of the review comments are labeled the same as those in the draft report.

While the report properly identifies issues that are important to the continued effectiveness of the Land and Water Conservation Fund, our review raises a number of concerns with the conclusions and recommendations found in the draft report. The Director, Heritage Conservation and Recreation Service and his staff will be glad to further work with the General Accounting Office staff and discuss these review comments with them.

Sincerely,

Larry E. McElrotty
Assistant Secretary
Policy, Budget and Administration

Enclosure

Chapters 1 and 2Overview

In reviewing this draft report two initial concerns with its basic structure have been identified. First, the title of the report is misleading. This is not in fact a report on the planning and funding of State and local parks. As presented, it relates primarily to the State side of the Land and Water Conservation Fund (L&WCF) program, more specifically, the preparation of Statewide Comprehensive Outdoor Recreation Plans (SCORP) and their relationship to L&WCF projects. We would therefore urge that a more definitive title be selected. Secondly, there is no clearly stated purpose for the audit identified in the report. An understanding of why the audit was carried out, as well as the circumstances under which this was done, should be given the readers of this report.

[GAO COMMENT: The title has been changed and we have clarified the purpose of our review on page 4.]

The report indicates that Statewide Comprehensive Outdoor Recreation Plans are the cornerstone for effective implementation of the Land and Water Conservation Fund program. While in agreement with this statement, we must quickly addand the SCORP process is its foundation. Through this continuing planning process issues are identified, needs analyzed, policies formulated and actions taken to resolve issues and meet needs. SCORPs -- as documents -- are simply a compendium of issues, policies, and needs at some point in time, a benchmark in the process. As such, they are dated as soon as they are written, while the process continues its cycle of planning, updating, refining and implementing. An evaluation of the process provides insight into the future of the program, whereas evaluation of the document simply tells you where it has been. Dr. Dunn's twenty-six criteria for assessing SCORPs - (appendix III of the report) - lists "process vs. product orientation" as its first factor. The draft report violates this premise by focusing its attention entirely on the products of the process -- the SCORP documents -- rather than the process itself. This we believe represents a deficiency in the audit.

[GAO COMMENT: We acknowledge the importance of a continuing planning process and, as we recommended to the Secretary of the Interior on page 24, we believe that awarding grants should be directly linked to the planning process. Our evaluation did consider the process and evolution of the State plans up until the time of our review. We focused on the State plan because it is a requirement of the Land and Water Conservation Fund Act for States' eligibility to participate in the fund. Further, only project proposals in accordance with a Service-approved State plan can be considered for fund assistance (Section 640.1.3 of the Land and Water Conservation Fund Grants-In-Aid Manual).]

The Land and Water Conservation Fund Act (P.L. 88-578) requires that each State prepare a SCORP as a condition for participation in the program. The program's planning guidelines, in implementing the law, have never been ".....oriented solely to federally-assisted outdoor recreation activities, but are intended to influence the entire range of recreation resources and programs within the State." To view SCORP only as a basis for funding L&WCF projects, as does this report, provides a narrow perspective of their effectiveness. Accomplishments must also be evaluated in terms of the legislation, bonding issues, policies, special studies, technical assistance efforts and other programs that States have initiated as a result of the SCORP process. These activities often have had a greater impact on meeting needs than have L&WCF acquisition and development projects themselves. New Jersey's Green Acres program, Indiana's White River Resource System, Georgia's County/State coordinated survey system, California's Parklands Act of 1980, and Oregon's Willamette River Greenway all have an impact on meeting identified needs. This report simply fails to recognize the fact that there are more ways to meet a need than to acquire and develop facilities with federal dollars.

[GAO COMMENT: We did not disregard the purposes of State plans to either assist State and local decisionmakers or influence the entire range of recreation resources and programs within a State. However, because State plans are the basis for eligibility to participate in the Land and Water Conservation Fund, they had to be considered in assessing the Service's administration of the fund as it relates to federally financing State and local outdoor recreation projects. Also, there was no intent to overlook the accomplishments initiated by States and local governments as a result of their planning processes.]

In selecting a representative sample of States, the draft report indicates that it sought to provide "....a cross-section of funding levels, geographic dispersion and representation...of HCRS regional offices." The twelve States selected to evaluate the effectiveness of the program do not, in our opinion, meet those criteria. The six contiguous southeastern, three contiguous mid-Atlantic and three contiguous western States are not representative of the country as a whole. A sound geographic distribution would include several Rocky Mountain, Plains, Great Lakes, and New England States to balance the current sample's preponderance of Gulf-coast States. An evaluation of the program based on this sample cannot be expected to adequately reflect its effectiveness on a nationwide basis. Yet the report sets forth broad generalizations regarding the entire program drawn on the basis of one or two examples from the sample. Under these circumstances one simply cannot draw conclusions such as "methodologies result in incomplete unachievable and outdated State plans."

[GAO COMMENT: We do not have the resources to evaluate all 55 "States" eligible to participate in the Land and Water Conservation Fund. We believe that the activities within five of the Service's seven regions provided insight into the Service's administration of the Land and Water Conservation Fund. Also, we believe that 11 States and the District of Columbia (22 percent of all States eligible to participate in the fund) provided a representative cross-section of grantee funding levels and Land and Water Conservation Fund activities, especially when compared with the 16 States in the two HCRS regions that were not included in our review. On page 4, additional information has been provided to further illustrate the selection methodology used to select States for review.

On at least three occasions--the first in September 1979 before we started our review--we informed the Director, HCRS, the Service's Regional Directors, and headquarters officials of our rationale and methodology for selecting States to review. At those meetings no objections were raised about our selection criteria.]

A similar generalization, which is a major premise of the report, states that "the Heritage Conservation and Recreation Service and States view State plans as documents which are needed to qualify for Land and Water Conservation Fund grants rather than as plans to be implemented." As previously stated, SCORPs are a condition for participation in the L&WCF program. To imply, however, that HCRS is not concerned with the implementation of SCORP is simply to ignore the facts. Planning requirements in effect during the mid-1970's clearly state that "the fundamental criterion for evaluation of a SCORP is its effectiveness as a guide for outdoor recreation actions not only for State government but for other levels of governments and the private sector as well." In carrying out this evaluation they further stated that it "...should be the basis for....conferences with the States to assist in the continued updating of the plan." Evaluation has always been viewed as "...a positive constructive communication to the State pointing out the strengths as well as the weakness of the plan." The evaluation process places its emphasis on improving the quality of the planning process, not on punitive action. Virtually all revisions of planning requirements since 1972 have focused on both improving the quality of the planning process and enhancing the implementation efforts it generates. To imply that the service should withhold eligibility purely on the basis of existing deficiencies in "critical" planning requirements is simply inappropriate. There are no perfect plans and the quality of each can certainly be improved.

[GAO COMMENT: Interviews with and documents obtained from HCRS and State officials support our position. For example, the comments we received from Alabama's alternate State liaison officer (see p. 117) are crystal clear: "* * * plans are being used only for eligibility and not for setting priorities to allocate L&WCF monies. This I will have to agree with." Further, the Chief, Division of Resources Studies, HCRS Pacific southwest region, is also very specific on this point. He states:

"Unfortunately there is an informal tradition in the Bureau to evaluate SCORPs as an eligibility document rather than as a plan." Oregon's State Park Superintendent provides this insight: "While the primary purpose for this (SCORP) planning effort is to maintain Oregon's eligibility for federal aid, it also provides a valuable instrument for coordination of recreation programs among public and private interests."

During an interview, another State planner put it this way: "the SCORP is nothing more than a document to keep the Feds off our backs and provide funds for the next 5 years."

We agree that * * * "There are no perfect plans and the quality of each can certainly be improved". We also agree with the Service's emphasis on improving the quality of State plans and, as pointed out in our report, any deficiencies. However, we believe that for the Service to grant extended periods of eligibility for 3 to 5 years when there continue to be recognized serious deficiencies in plans is not in the best interests of the fund. More attention should be paid to determining the adequacy of a plan before the eligibility is approved and where deficiencies are noted, they should be corrected as soon as practicable after initial plan submission. We believe that the Congress, the Department, and the general public have reason to be concerned that this publicly supported grant program should be committed to the most efficient and effective uses--especially during times of fiscal constraint--and such uses can be best reflected in totally acceptable State plans.]

The report is equally notable for what it does not say about States in its sample. Several of these States are cited on a regular basis as negative examples in support of the report's conclusions. However, -- Pennsylvania, Maryland, Georgia, Texas, Louisiana, and Nevada aren't mentioned or are only occasionally mentioned. Are they equally deficient or did GAO find their programs to be acceptable? In either case it would seem appropriate to reference the results of the

evaluation. It should be noted that none of the twelve States used in the report's sample were given the opportunity to review and comment on the entire report and its findings. Since the draft report covers all 12 States, each should have had an opportunity to comment on the entire report, rather than only on its own portion out of context. This shortcoming should be corrected.

[GAO COMMENT: In our draft report we point out that there was need for some improvement in the 12 States' planning methodologies and their project selection, approval, and funding. Some States are in greater need of improvement than others and our examples were intended only to illustrate our findings. Other examples from those States that were not mentioned, or that were occasionally mentioned, could have been provided. However, we did not consider it necessary because our intent in using examples was to illustrate overall deficiencies in the planning for, selection, and funding of projects--not to single out each State for its deficiencies.

Our office has established a policy that the material submitted for review to persons and organizations outside the Federal Government should, to the extent practicable, contain only those facts applicable to their activities and the conclusions that can be drawn from those facts. The material should exclude information that does not require their consideration. This restriction minimizes the chance of premature release.

Since its 1972 audit of the program and subsequent audits by the Department's Office of the Inspector General, which the report indicates reached many of the same conclusions, GAO implies on page 10 that Interior has done little to deal with these concerns. This is not the case. In 1973 a new planning option (option II) was introduced to encourage States to develop continuing planning processes. By 1978 some 36 States had adopted this option which required an improved commitment to planning and enhancement of their implementation efforts. In 1977 the requirements were again revised to further emphasize the need for an ongoing planning process as well as to provide ample opportunity for public participation in that process. The new planning guidelines, which the report indicates were issued in April 1980, actually trace their roots back to a 1977 task force report on recreation planning options. The guidelines, issued as a program directive in December 1978, were finalized in April 1980 after extensive review and revision. They focus on an issues-oriented action planning process and have already influenced the SCORP process in many

[See GAO note on p. 100.]

States for several years. The Lake Central States for example -- which were excluded from the report's sample -- used the guidelines to develop their first round of action programs and planning agreements with the Service in 1979. This report makes no attempt to acknowledge or evaluate any of the positive actions -- involving both planning requirements and grants administration -- that have been initiated since that 1972 audit. Instead it simply notes that "HCRS recognized the need for better plans and issued new planning guidelines in April 1980 which could improve State planning." The draft report also implies that HCRS was not responsive to the Inspector General audits. A review of our responses to these audits and the above enumerated actions indicates otherwise.

[GAO COMMENT: Our report acknowledges some of the positive actions taken by the Service to strengthen the Land and Water Conservasion Fund program, including mention of option II. We believe that our specific mention of the April 1980 planning requirements also gave recognition to the Service's concerns and positive actions taken. However, some of these actions were taken by the Service during the time frame we selected for our review and, therefore, had little or no impact on the State plans we reviewed. Also, there was no intent to imply that the Service was not responsive to the Inspector General's audits. We intended only to point out that matters discussed in this report have been the subject of our prior report and five Inspector General reports.]

The criteria developed by Dr. Dunn have more relevance when applied to the SCORP process of the 1980's, than the mid-1970's process. They include many factors emphasized in the new planning guidelines. In effect they represent one view of what the perfect SCORP should take into consideration. As such they have little in common with a SCORP prepared in 1975. Although the report states these criteria "could be used....to assess future SCORP," many of the criticisms of existing SCORPs seem to be based on these criteria. It is important to note that of the twelve SCORP's reviewed for this report, all but one were prepared between 1974 and 1977. Consequently they reflect the SCORP process of the early 1970's. The new planning guidelines focus on a much broader SCORP process that adds citizen preference, the identification and monitoring of recreation trends, the needs of special populations, and the impact of decreasing mobility, to the body of knowledge gained from traditional recreation data. Since Dr. Dunn's criteria have not been subject to either State or Federal review they do not reflect the consensus of those directly involved in the program. Until their validity has been established we do not feel that they should be included in this report.

If the 26 criteria for assessing SCORP's are to be published in this report, we ask that others be included as well. For example, the report should include those evaluative criteria in use by the agency when the twelve SCORP's in question were prepared. This would include the entire Part 631-Plan Review section of the Grants-in-Aid Manual, as well as the Part 630 criteria for judging the adequacy of the Option II continuing planning process. While the report briefly mentions these mid-1970 criteria, they are neither included in their entirety nor recognized as being no longer in use by the Service. The requirements of the new planning guidelines, which replaced these old criteria and currently provide the basis for our evaluation of each State's SCORP process should also be included. It is important to note that we are currently in the process of preparing standard formats for use by all our regional offices to help accomplish this evaluation task. These will be finalized during our April regional workshop on the SCORP process.

[GAO COMMENT: We disagree with the Service's contention that Dr. Dunn's 26 criteria have little in common with State plans prepared in the 1970s. Twenty-three of the 26 criteria are related to parts 630.1, 630.2, and/or 631.1 of the Land and Water Conservation Fund Outdoor Recreation Grants-in-Aid Manual that were in effect during the period when most of the 12 State plans were prepared. Therefore, no purpose is served by including current or previous parts 630 and 631 as a part of this report. The three criteria not specifically related to the Grants-in-Aid Manual are:

<u>No.</u>	<u>Criterion</u>
14	Recognition and treatment of employment possibilities from Land and Water Conservation Fund expenditures.
16	Interdependence of recreation and economic development.
22	Issues of land acquisitions.

With regard to Nos. 14 and 16, they were included because of their relationship to certain economic matters that we believe all levels of government should be concerned with during times of fiscal stress, such as we are facing now. No. 22 was selected as a criterion because we believe that alternatives to fee-simple acquisition should be considered as part of State and local government strategies in fulfilling this Nation's recreation needs. In this regard, the Service stated in its Third Nationwide Outdoor Recreation Plan that such alternatives should be addressed to improve Federal land acquisition procedures.]

Based on the aforementioned limitations of the sample and methodologies used by GAO in its audit, we do not believe that its findings can be considered conclusive to the entire program. In fact, we feel that each and every one of these limiting factors should be clearly stated -- together with the purpose of the audit -- in its introduction and digest. In addition, we believe that the report's recommendations to the Secretary of the Interior regarding the SCORP process are to a large degree already being implemented by HCRS. Further, this implementation effort has been underway for the past two years.

[GAO COMMENT: The aforementioned matters have been addressed in our comments above, and where appropriate, the report has been revised or clarified. Although the Service's December 7, 1978, revised planning process has been in effect for the past 2 years, in February 1980 recreation planners in at least three States found what they considered to be "very serious problems." And, since the Service has stated that the planning process has not been fully implemented, we believe that the recommendation to the Secretary is appropriate.]

Methodologies result in incomplete unachievable and outdated State Plans

The GAO report makes the statement on page 11, "Many State plans tend to be general in nature and out-of-date regarding National, State and regional social, economic and demographic events and trends." GAO needs to more fully document this finding. Were the plan documents reviewed in the context of the sequence and time in which they were prepared (information gathered in the early to mid-1970's) or was GAO's comparison based on current social, economic and demographic events and trends? HCRS suspects that the 26 criteria mentioned in the report impacted this finding. Since we have questioned the validity of those criteria in evaluating static plan documents of the middle 1970s without application in the continuing planning program, we recommend that this statement be deleted. California and Louisiana are the only States cited in this section of the report, yet this finding has nationwide implication without a broad base of data to support it. Many States have utilized excellent demographic information on which to base future projects. We would suggest that GAO look at the Pennsylvania, Indiana, Ohio, Vermont, Delaware and Washington SCORPs for examples.

The paragraph quoted above continues: "also, some are independently developed publications primarily to insure eligibility for money from the Land and Water Conservation Fund rather than as sequential elements in a long-term planning process intended to enhance the quality of leisure life . . . for present and future generations." Since GAO apparently audited plans but not the sequential planning process, the statement is not supportable until an audit of the process is complete. In addition, the question of SCORPs being publications prepared primarily to insure eligibility should be deleted from this section as it is an unsupported opinion of GAO's.

[GAO COMMENT: The continuing planning process was considered as were the 26 criteria (discussed above) in evaluating the 12 State plans. We evaluated more than 8,200 pages of State plans (some were multi-volume documents, such as Alabama, 21 volumes, and Texas, 10 volumes), which were reviewed, in the context of the sequence and time in which they were prepared. We acknowledge that some States have used excellent demographic information in their planning processes. However, as pointed out above, this report is intended to describe, on the basis of the States we reviewed (Indiana, Ohio, Vermont, Delaware, and Washington were not included in our review), those general observations on planning that, we believe, could be improved. Our report states that "more than half of

the 12 State plans we reviewed used inventories * * * that were out-of-date or incomplete." (Emphasis added.) We believe that two examples illustrate the point. Also, since all the State plans we reviewed were published between 1974 and 1979, the later they were prepared, the more out-of-date they became because of inferences drawn from 1970 census data. In one State, some data bases reflected pre-1970 data.

The question of some SCORPs being independently developed publications prepared exclusively as a vehicle for eligibility is not an unsupported opinion of ours. As we have indicated, information to support this statement was obtained from high level HCRS and State officials. (See p. 57.) Further, HCRS also believes that better sequential, long-term planning is needed. We were informed in July 1980 that the Service established its Division of Nationwide Planning to oversee both nationwide and State SCORP planning and to ensure that SCORP planning will no longer occur in a vacuum. According to the Service, this division is

"in a better position than its predecessors to begin to alleviate the pressing data deficiencies that have plagued this field for years. Nationally significant comparable data are needed for sound planning policy formulation, by HCRS, all other Federal agencies impacting upon recreation, the States, and the private sector."]

Page 11 and 12 on the scope of HCRS SCORP planning objectives is correct. However, GAO needs to state specifically that their audit did not review this entire process but addressed only the States' supply and demand evaluation.

[GAO COMMENT: We disagree. As pointed out above and in the report, we did evaluate the HCRS SCORP planning process, which included supply and demand evaluations, and, among others, implementation, public participation and needs assessment.]

On page 12 of the draft report the statement "by the mid-70's SCORPs reflected second and third generation efforts. . . as a result, some States have shown need for parks and recreation facilities without considering everything available to satisfy the public's demand", is confusing. A logical flow between the first and second sentences is not apparent. Neither is the basis for GAO's conclusion clear. In addition the finding is supported only by GAO's evaluation of California and Louisiana and is based solely on GAO's opinion of what should be included in an inventory.

We believe that the GAO criticism concerning comprehensive inventories is unrealistic. Because the 1974 California SCORP and 1975 Louisiana SCORP inventories do not include 100% of all private facilities does not necessarily mean that the subsequent needs determinations in those two States are skewed. It is not clear why GAO considers it realistic for the State to inventory all non-public facilities such as hotels, motels, apartments and private clubs on a continuing basis. Inventory information of this nature is expensive to acquire and adds relatively little to the validity of the ultimate needs analysis. Unfortunately it appears as if GAO did not review with the States their rationale for limiting the inventory of private facilities.

[GAO COMMENT: Wording was changed to clarify the flow between sentences.]

Regarding inventories, the Service's Grants-in-Aid Manual requires State plans to "* * * analyze the entire range of recreation resources * * * that are significant in providing outdoor opportunities * * *." The Manual states that, in doing this, States should include, among other matters, (1) an inventory of private lands and waters which presently provide significant outdoor recreation opportunities or represent an important potential for this purpose, (2) a demand analysis, and (3) the use and occupancy of facilities on private lands. Since many apartments and condominium complexes, for example, provide swimming pools, tennis courts and other recreation areas, such facilities should be considered as resources, especially if their residents are considered as part of the public generating demand for recreation facilities.]

On page 12, the report indicates that "the States we reviewed had developed computer systems of public inventories, but little progress had been achieved in the 12 State plans we examined in applying these land and facility inventories to recreation standards and citizen opinion to establish a priority of needs." This broad "finding" on data management systems appears only supported by the analysis of California. The finding also assumes that all States are at the same level of sophistication on computer application. The report also makes judgments on the use of standards nationwide based on its analysis of California's 1974 plan. In most outdoor recreation plans being completed today, the standard technique of so many acres per thousand population is not often employed. Standards as listed and utilized today by most States are measurement techniques used in a demand and needs analysis to bridge the gap between participation rates and ultimate needs figures. They are carefully thought out and applied on a statewide basis. Some states utilize two kinds of standards: capacity standards and demographic planning standards with variations for individual recreation activities and facilities and modifications for land use density and settlement patterns. The state of the art is improving as many States incorporate demographic and social trends in needs forecasting. HCRS recommends that GAO acknowledge the narrow confinement of their findings to California.

GAO should specify whether it evaluated the States using the most current philosophy regarding standards and what that philosophy was. The audit does not tell us whether all 12 States used the same standards or whether GAO expected that they should. The page 20 reference to the reputation accorded recreation standards is curious. Which recreation planners criticized the standards and what standards were they mentioning? Those standards commonly in use in 1979 or the ones employed prior to 1974 when the reviewed plans were being developed?

Standards, like inventory and preference surveys, are subject to reevaluation and updating. It should also be noted that they play a more minor role in determining needs than the GAO report indicates.

[GAO COMMENT: A typographical error was corrected in the report to show that little progress had been made in two of the State plans we examined. We believe our report example demonstrates that computerized systems developed by some States have not always been used to establish a priority of needs. As another example--not mentioned in the report--one State's elaborate computer demand model shows a significant need for particular kinds of facilities. This data was meaningless, however, because the State does not use the demand model data in the selection and approval process.

Information on standards was obtained from HCRS, State and local recreation officials, as well as our consultant, Dr. Diana Dunn, a recreation planner recognized by HCRS. Additional insight was obtained from Dr. Seymour M. Gold, Associate Professor of Environmental Planning, University of California. Dr. Gold states that "the traditional approach to recreation planning is dominated by the use of arbitrary standards" and that

"the National Recreation and Park Association standards, and those based on them, are essentially the goals of an organization devoted to advancing the cause of public recreation. Since they are costly to implement these standards have a built in or self-fulfilling priority determination with respect to the allocation of public resources."]

The first paragraph of page 13 suggests that because of potential high real estate costs, State and local governments will not be able to purchase land, and thus, should not plan for the same. Experience has shown that there are ways to get the job done even under the most tenuous circumstances. For example, the utilization of less-than-fee techniques to acquire land (bargain sales, outright donations, life

estates, and conservation easements), are being employed. Since 1975, many States, along with the Nature Conservancy and other conservation organizations and land trusts have been preserving recreation and open space land using these innovative techniques, many of which were originally recommended in their SCORPs. HCRS has assisted in the dissemination of information about these techniques.

GAO's discussion of the California analysis is correct in that recreation goals may never be achieved in the large population centers of the State. However, the narrow viewpoint and limitations of the audit assume that only L&WCF capital investments can meet need. The audit did not investigate State policies and programs which might provide other non-capital or non-L&WCF means by which the State, local and private sectors would serve needs.

[GAO COMMENT: A careful reading of the report shows that some goals may be unattainable, and that it is unlikely that some local governments could afford to purchase, operate, and maintain additional acreage in light of soaring real estate values, inflation, and trends toward limiting public spending. This limited public spending is evidenced by the President's proposal to eliminate the State share of the LWCF in fiscal year 1982.

We disagree with the Service's contention that we assumed that only LWCF capital investments can meet State needs. However, as stated above, we addressed the relationship of Federal funding to State plans. Also, chapter 3 addresses other noncapital and non-LWCF means by which State and local governments would serve needs related to fund expenditures.

We recognize the various options to acquire lands using less-than-fee techniques, but we found little use of them. In this regard, the Third Nationwide Outdoor Recreation Plan points out that, because of recent tax reform measures, local governments in California have been advised to turn down acquisition and development grants until they have made evaluations of long-term operation and maintenance costs, and some local governments have a policy of not accepting donations of land or money, unless an endowment for operation and maintenance is included. On a national level, the Service stated in the plan that one of the important issues facing Federal, State, and local governments is:

"Are State and local park and recreation agencies overcapitalizing and therefore unable to support local O&M costs?"]

We disagree with the conclusions stated in paragraph 3 on page 13 indicating that States do not consider the limited life of the Land and Water Conservation Fund. We feel that the opposite is the case. SCORPs point out ways in which implementation may be accomplished through a variety of tools. The Land and Water Conservation Fund is just one of those tools. Several States explicitly acknowledge the limited lifespan of L&WCF and address options for recreation delivery systems and financing in the future which might be considered.

If GAO had reviewed the continuing planning process for a greater number of State plans and individual planning studies completed under the process, they would have determined that such planning does acknowledge the decreasing availability of public dollars and looks to other methods of implementation. In addition it is a current HCRS planning project requirement that recreation resource studies look at other than fee simple implementation.

[GAO COMMENT: State plans do point out various ways of implementation. However, since the Land and Water Conservation Fund is the principal direct Federal assistance program for recreation, consideration of its lifespan is crucial for long-range planning. Although, as stated above, "several States explicitly acknowledge the limited lifespan" of the fund, the State plans we reviewed showed little evidence of a 25-year planning span, and the potential knowledge gained from a continuous planning span has been lost. There is no strong element of continuity running from prior plans, leading to future plans, and to the assumed end of the program in 1989. When termination of the fund is mentioned, it generally is in terms of projected financial aid to be received rather than in accomplishments. In this regard, our consultant concluded that none of the State plans reviewed provided insight into the following:

--How much more recreational land is enough to satisfy demand?

--Is there a surplus in one or more States?

--Will there be a surplus by 1989, and if so, how will we know?

Other than fee-simple implementation was previously discussed. (See p. 67.)]

The last paragraph on page 13 generalizes that "State plans reflected outdated data bases" and then goes on to cite California. Unless GAO can fully substantiate its finding after reviewing the current California planning program and unless the finding also stands for the remaining eleven sample States, HCRS suggests that this paragraph on page 13 be deleted.

[GAO COMMENT: We disagree. This matter was discussed (see p. 66) as it related to the States we reviewed. We are quite aware of California's planning program, and pages 5 and 6 of California's 1974 plan show its "Schedule for Maintenance" for the plan, which projects various studies to be made through 1979. Our comment, however, referred to outdated data bases at the time the 1974 State plan was published. At that time, some data bases were more than 7 years old, with the next needs study for that specific section of the State scheduled 2-3 years into the future.]

The report on page 14 criticizes the lack of current data in the California plan from which to judge the selection of projects. The State conducted public hearings to revise the local project selection process because the 1974 SCORP information was dated. This was part of the SCORP process and therefore the printed 1974 SCORP was updated through subsequent publications.

[GAO COMMENT: We are aware of the public hearings held to revise the State plan. Our point here is that the State's methodology resulted in an outdated plan.]

The statement on page 14 of the report beginning, "our evaluation of State plans . . ." has unfortunate implications. The entire paragraph should be deleted from the study unless specifically substantiated with examples from the sample. Many of the basic assumptions referred to are factored into the demand preference surveys through information on income, race, education, size of household, age, etc. Significantly, a few factors such as inflation, declining standard of living, era of fiscal limits, and some of the energy questions were not dominant considerations in the early to mid-1970's when the plan data reviewed by GAO was being collected. GAO should review subsequent planning data to determine if their allegation is correct. We are aware that several of the most recent SCORPs do address many or most of these "fundamental challenges." However, the evaluation of SCORPs against this list of 1980 factors is deceptive for GAO has apparently relied on the 26 criteria referenced elsewhere in their report and neither those criteria nor the list of factors on page 14 are the basis on which SCORPs were or are currently being prepared under the requirements of the L&WCF Act or HCRS guidelines.

[GAO COMMENT: We do not believe our evaluation of SCORPs is deceptive. The majority of the 26 criteria relate to SCORP planning requirements in the HCRS grants-in-aid manual. (See p. 60.) Some of the assumptions about our society that we refer to, such as acknowledgement of an emerging "energy crisis" and the working mother, were fundamental challenges at the time all of the State plans we reviewed were published (the first energy crisis was in 1973). However, we agree that some of the factors, such as spiraling inflation and a declining standard of living, were not dominant in the mid-1970s and we have clarified that section of the report. The Department states that the many basic assumptions referred to are factored into present demand preference surveys and that several of the most recent SCORPs address many or most of these "fundamental challenges." However, we believe HCRS should strive to have all current SCORPs address all factors.]

State Plans Approved Primarily for Federal Funding Eligibility

The statements in this entire section (pp. 14-17) reflect GAO's particular interpretation of terms such as "program evaluation" and "eligibility" and rely on a rigid definition of the term "deficiency." Even the section title is misleading and is not supported on the basis of examples cited by GAO.

As required by law an approved plan is of course a condition of eligibility and State plans are developed for the purpose of gaining eligibility. However, the draft report fails to recognize the substantial efforts by HCRS and the States to make the SCORP a process that significantly affects the provision of outdoor recreation resources in a State. The report also neglects to emphasize that States are directed to prepare plans that reflect the individual, unique conditions and needs of the States in which they were prepared. The SCORP process is intended to create a framework for overall recreation policy and action at the State level, and not merely to obtain eligibility for Federal grant-in-aid assistance.

HCRS's commitment to the planning program and the strengthening of that program may be clearly documented by the development and implementation, during the years 1973 through 1977, of a planning option (option II), adopted by 36 States and which provided for a continuing planning process. This process emphasized the improvement of traditional recreation planning components such as supply/demand analyses and supplemented this with public participation activities, coordination of the SCORP process with other Federal land managing agencies and other statewide planning processes, support for the establishment of interagency advisory committees to address policy and technical recreation issues and the preparation of the Annual Report on L&WCF accomplishments. In addition, the planning process was further refined in 1978 with the development of new planning guidelines calling for planning agreements with the service and annual Action programs.

If GAO had expanded the scope of the audit to include accomplishments of the planning program other than L&WCF expenditures, they would have realized the broader application that many SCORPs have in meeting statewide recreation needs. While SCORPs are specific documents produced in periodic intervals, the process is a collection of studies, reports, actions, consultations, revisions and negotiations which, taken as a whole, provide an overview of the State's ability to accommodate recreation.

It is true that in some cases, State plans are not always used to guide the funding of L&WCF projects. And it is also true that some States, particularly in the early years of the program, viewed preparation of the State plan exclusively as a vehicle for eligibility. However, since GAO did not develop any measures to evaluate the effectiveness of the SCORP other than L&WCF expenditures, nor take into account the SCORP planning process, the report provides nothing to substantiate the statement on page 22 that State plans "are used primarily as a basis for the Heritage Conservation and Recreation Service (HCRS) to approve States' eligibility to receive money from the Land and Water Conservation Fund."

[GAO COMMENT: We acknowledged the SCORP process and the purposes and uses of State plans in the report. Our report also acknowledged that State plans are to reflect unique conditions within each State. We relied on the Service's criteria for evaluation and eligibility. The term "deficiency" was used synonymously with "weakness" or "inadequacy," as reflected in the Service's evaluation reports. We recognize that not every weakness or deficiency in a plan is grounds for denying eligibility; the report was clarified to reflect the basis for using these terms. In some instances, the remarks in evaluation reports were quite critical and reflected the Service's concern at the time--regardless of whether these remarks were communicated to the States. In one case, the Service was very critical of the State plan but extended eligibility was approved. The evaluation report stated, in part:

"Citizen participation * * * was found to be an area that needed to be strengthened."

* * * * *

"Coordination is another major problem area that needs strengthening to develop a more sound policy plan."

* * * * *

"The [State plan] is weakest when it comes to actual plan recommendations; what needs to be done in what order; by whom; where; when; and at what cost. Recommendations, where they do exist, are not very specific."

* * * * *

"There is no real discussion of implementation strategies * * * in the SCORP." (Emphasis added.)

Although the State was granted extended eligibility to receive monies from the fund, it was informed that there was a need

"* * * to strengthen the public participation process, to obtain more meaningful coordination among * * * agencies, and to analyze the significant issues."

We disagree that the caption for the section is entirely misleading. We believe that the caption does reflect, in part, the basis for approving eligibility for some States. For example, an HCRS memorandum stated that:

"Unfortunately, there is an informal tradition in the Bureau [now the Service] to evaluate SCORP's as an eligibility document rather than as a plan."

The State of Alabama affirms our position. In the State's comments dated December 15, 1980 (see p. 117), the respondent stated:

"* * * 'plans are being used only for eligibility and not for setting priorities to allocate LWCF monies.' This I will have to agree with."

The caption, however, was revised to qualify the extent of our findings.]

In the past, eligibility has been deferred for States on a limited basis. As the GAO report points out, such "loss" of eligibility was primarily because the SCORP plan was not submitted on time or because some part of the plan document did not meet Federal requirements. However, both New Hampshire in 1977, and the District of Columbia in 1979, lost eligibility because their plans were found to be unacceptable. The current planning guidelines, which replace Option II and put all States on a continuing planning process, include a 90-day probation provision to correct deficiencies prior to the imposition of ineligibility.

The GAO report is misleading when it states that States have "never lost apportioned funds because the plan was considered inadequate or of low quality." Under even the most extreme case of ineligibility, apportioned funds would not be lost since a State has the year in which funds are apportioned plus two additional fiscal years to obligate such funds. The Act allows the withholding of assistance for projects but not the withholding of a State's apportionment in cases of ineligibility. Therefore, it is recommended that the above statements and the title to the section be deleted and replaced with more accurate descriptions of current statutory and historical eligibility requirements and performance.

Another area where the GAO narrative in this section should be re-examined concerns the term "deficiency." A plan "deficiency" does not necessarily make the plan unacceptable for eligibility. On numerous occasions the GAO report notes that HCRS staff has identified deficiencies in a SCORP yet granted approval for continuing L&WCF eligibility. What seems to be misunderstood is the necessity, where warranted, to note weaknesses in the SCORP for refinement as part of the review process. No planning process or document is ever perfect. Consideration is given such things as the overall process, coordination, citizen involvement, trends, comparability to previous efforts and implementation. If requirements related to documentation and considerations specified by staff review and dictated by State conditions are adequately fulfilled, then the SCORP process is determined acceptable.

[GAO COMMENT: We did recognize that "the public's recreation needs should be better satisfied," considering the Service's current planning and open project selection guidelines. However, for the period of our review, all State plans, except for the District of Columbia, had been prepared before the current guidelines were implemented. The Service's efforts to work with States to improve their planning processes are to be commended. Also, recognizing that planning is a continuous process, the current guidelines are an improvement over those that were also in effect during the period chosen for our review. However, since States have up to 3 years to obligate funds, we do not believe State plans with known serious deficiencies should be approved for maximum periods of eligibility, especially when such plans are the basis for receiving Federal grants-in-aid.

Our report is correct when we say that States have not permanently lost apportioned funds because the plan was considered inadequate or of low quality. We recognize that apportioned funds are available in the apportionment year and for 3 additional fiscal years, but no payments may be made until the Secretary approves the State plan and the projects to be funded under that plan. We have clarified the report on this point.

It surprises us that the Service raised any questions regarding deficiencies in State plans. The Service admits that "there are no perfect plans and the quality of each can certainly be improved" (see p. 56). The need to deal with problems associated with SCORPs has also been communicated to the Service by many recreation professionals as one of the five most pressing issues that should be addressed by the Service. For instance, Michigan State University informed the Service that "the quality of [State Plans] varies considerably, but on the whole, has to be* * *classified as poor." Further, Dr. Diana Dunn, our consultant in this review, is currently a member of the National Recreation Research Agenda Project, sponsored by the HCRS to evaluate the effectiveness of comprehensive recreation plans, including the nationwide outdoor recreation plan and SCORPs.

According to the Third Nationwide Outdoor Recreation Plan of December 1979, recreation and land use planning is one of the "fundamental constraints [that] confronts recreation planners and managers in providing adequate recreation lands, facilities, and opportunities." The nationwide plan also recommended that a comprehensive research agenda and strategy be developed to fill gaps in knowledge for decisionmakers. The agenda was to be prepared in consultation with producers and users of recreation research.

On October 22, 1980, the National Research Agenda Project's Preliminary Summary and Recommendations was presented at the National Congress for Recreation and Parks. The Preliminary Summary report reflected about 2 years of effort by over 500 participants representing Federal, State, county, and local agencies; private recreation associations; universities; and professional and scientific organizations. The primary means to identify and rank recreation research tasks was a sequence of mail inquiries circulated during 1980. The 520 respondents identified 117 research tasks that were ranked by the participants. Ten of the 117 research tasks or "knowledge gaps" achieved broad support among several constituencies and were listed in order of their priority and examined in greater depth. Issue No. 4 was:

"Evaluate the effectiveness of comprehensive recreation plans, including but not limited to the Nationwide Outdoor Recreation Plan, State Comprehensive Outdoor Recreation Plans, and local master plans for recreation and parks. Determine the extent to which these plans (or recommendations within the Plans) are implemented and identify measures to be taken throughout the planning process to maximize the probability, of a plan's implementation."]

As follow-up, GAO apparently did not audit the "deficient" States to determine whether the Regional Office and State corrected those specified deficiencies. HCRS recommends that such a follow-up is needed.

GAO should also recognize in its report the current eligibility requirements, with a 90-day probation provision, does not look just to the SCORP policy plan document for eligibility. The States' eligibility is determined by a planning agreement between the State and HCRS committing the State to adequate planning staff, public participation and leadership involvement in the planning process, an approved action program, policy plan and open project selection process.

HCRS recommends that GAO should clarify its definition of "deficiency" and be more specific in identifying the individual State deficiencies they considered serious enough to warrant denial of eligibility.

This section of the GAO report continues with a detailed analysis of several "deficient" State plans. It would appear that the GAO review was cursory and that all available information was not used in making these determinations.

In the Southeast region, for example, the GAO auditors primarily used old HCRS evaluations of State plans to draw their conclusions. No consideration was given to further strategies, Option II, yearly evaluations, or technical assistance to States in improving their State planning process. This narrow evaluation of past activities has led GAO to improperly and incompletely assess State planning programs. The result of this misunderstanding appears on page 23 of the report which shows a table labeled "Deficiencies in Critical Planning Requirements." It shows Alabama was deficient in needs, policies and standards as well as their implementation Plan in 1970 and 1975. We cannot agree.

The table indicates that in 1972 Mississippi's SCORP was "deficient" in several areas. However, these deficiencies were outweighed by many strong points brought out in the evaluation report. It is unclear from the audit why the auditors disagreed with HCRS's extension of 4 years eligibility.

The table shows Florida's demand as deficient in 1971 and 1976. We have reviewed the demand aspects of these State plans and HCRS evaluation reports and we disagree with the auditors' conclusions that these were major deficiencies. The fact that the evaluation reports mention areas for improvement and made appropriate recommendations, are not reason for GAO to determine that major deficiencies exist. The table on page 23 and the conclusions drawn from it should be deleted from the report.

Additional comments about State plans reviewed by GAO are as follows:

Alabama:

On page ii (digest) and page 25 in the narrative, the GAO report states that the Alabama 1975 State Plan has no realistic implementation system in it. This is incorrect. The implementation system included public and private, and State and Federal actions necessary to meet recreation needs. The HCRS letter to Governor Wallace indicates that the 1975 Alabama State Plan exceeds manual requirements and particularly has an outstanding implementation system. Our review noted that we were concerned that the implementation plan be expanded to include increased Federal coordination. In our subsequent Option II evaluation we determined that expanded Federal coordination was taking place.

It should also be noted that preceding the official submission of the 1975 Alabama plan, the previous plan also had been successfully implemented. We noted in reviewing the 1970 implementation success that the expansion of the Alabama State Park system could be directly attributed to State plan implementation. We particularly noted that the 1975 Alabama Plan was innovative in directing private sector actions to provide recreation needs in the State.

These facts demonstrate that the audit team did not consider all the factors relating to the 1975 Alabama plan in order to review HCRS management practices. The audit instead extracted statements in one report in the HCRS files (an evaluation report) as a basis for determining that the plan was inadequate. The GAO report does not give any attention to positive aspects of the Alabama plan nor does it accurately reflect the degree of deficiencies cited in our evaluation report.

Alabama's 1970 State plan was essentially the first complete plan submitted as their previous State plan was basically a state parks plan. We concluded that the plan did assess needs and provided a 5 year acquisition and development schedule. Alabama had a strong commitment to continually expand and improve supply inventory. In this regard, we note that the 1970 plan included a full range of recreation facilities and activities in determining needs.

The Alabama SCORP demand-supply-needs for outdoor recreation activities was carried from statewide needs down to the regional needs. It was not

intended to be reduced to the local level. However, to assure that local projects were meeting an identified need in the SCORP, a system was developed in 1977 to evaluate local projects, using the methodology in the SCORP and applying it to site specific proposals. For example, using the system described above on the 159 projects submitted by Alabama from FY 77 through FY 79, 18 projects were returned as inactionable. The statement on page 17 that 7 projects were selected which did not meet needs and 56 projects were selected showing only partial needs is inconclusive. The State of Alabama in their letter to GAO will address this point more specifically.

Oregon:

The GAO report does not accurately describe the 1978 Oregon SCORP submission. Although deficiencies were found in that plan, they were not sufficient to warrant ineligibility .

The Oregon letter of eligibility required the State to submit a complete and acceptable ongoing planning program prior to June 30, 1979. The State met this requirement and their planning program was funded in part with a L&WCF planning grant. Oregon is now in full compliance with the revised manual provisions of Part 630 which became effective in April 1980.

It is through cooperative efforts that the most productive improvements in the SCORP planning process are being made. Based on this perspective, and the cumulative results in States like Alabama and Oregon, GAO should reassess the draft audit report statements concerning the planning process in those States and the application of their findings nationwide.

[GAO COMMENT: We have previously addressed the Service's current guidelines for planning and open project selection, and our use of the term "deficient." (See pp. 54, 55, 57, and 68.) We also have modified the report to clarify that not all plan deficiencies are serious enough to deny eligibility.

After further analysis of HCRS State evaluations and comments, we determined that the schedule was not factually correct. We have amended this section of the report and have deleted our schedule on critical planning requirements. Our comments on Alabama were also deleted from this section. Additional comments on Alabama are addressed on page 117. Comments on Oregon are addressed on page 114.]

An Adequate Nationwide Outdoor Recreation Plan was Overdue

The draft report on page 8 incorrectly states the sequence of events surrounding the preparation of the first nationwide plan. "The Recreation Imperative" actually constitutes the first plan. It was completed in 1970 but was never sent to Congress. It was, however, printed as a committee report by the Chairman of the Senate Committee on Interior and Insular Affairs in September 1974. "Outdoor Recreation: A Legacy for America" became the first nationwide plan to be printed and sent to Congress. This took place late in 1973 after "The Recreation Imperative" had been completed and before it was printed by the Senate Committee.

The report also states on page 9 that "The Third Nationwide Plan also implements an ongoing series of annual action programs which will recommend changes in Federal policy on priority issues to improve recreation planning by all levels of government and the private sector." It should be noted that the improvement will be not only to recreation planning, but to all types of recreation related programs as well.

[GAO COMMENT: We are aware of the completion date of "The Recreation Imperative." We did not consider it to be the first nationwide plan, however, because it was not made available to the Congress, a requirement of the Recreation Program Coordination and Development Act (Public Law 88-29), until 1974--after "Outdoor Recreation: A Legacy for America" was published and sent to the Congress. We have reworded our statement to show "The Recreation Imperative" was formulated in 1970 but not made public nor sent to the Congress at that time.]

Project Selection Process Needs Improvement

The first paragraph of this section is misleading to the uninformed reader. The statements that "there is no prescribed uniform method for allocating money from the Land and Water Conservation Fund," and that "almost every proposed project can qualify for assistance" are not correct. The Land and Water Conservation Fund manual establishes detailed eligibility standards for the States to follow in selecting projects. Further, there are standard application procedures and uniform methods for obligating and expending funds for approved projects. In fiscal year 1980 there were funding requests in excess of \$350 million that could not be considered. Many projects had to be turned down by States because they did not meet eligibility requirements, did not fall within the State priority system or because there were no funds available.

It has been the Service's policy to set detailed eligibility and application standards but not to dictate the type of selection process at the State level and the priority rating method used to determine what projects are submitted. As responsible partners in the L&WCF program, the States have been allowed the flexibility to determine the system they use to prioritize and select projects for submission to the Service for consideration.

Recognizing that there must be greater nationwide openness and uniformity in the use of project selection systems and the prioritizing of projects, the Service has implemented the open project selection process discussed on page 22 of the report. Many States (32) already had priority systems in place. These guidelines will enhance those existing processes and correct deficiencies for those States that do not have a formal priority rating system or an open system for selecting projects.

The report, therefore, cannot represent that there are "no prescribed uniform methods for allocating funds from the Land and Water Conservation Fund." This wording is misleading and should be deleted.

[GAO COMMENT: To respond to the Department's concern, we have modified the text of the first paragraph of this section to indicate that because no prescribed uniform methods exist for States to allocate money from the fund and because of the general nature of State plans, most proposed projects qualified for assistance. HCERS states that there are standard application procedures and uniform methods for obligating and expending funds for approved projects; however, we found no specific guidelines on how States are to allocate their apportionment. Two examples demonstrate this flexibility. We identified one State that allocated 40 percent of its apportionment for State parks and the remaining share was distributed to local recreation and park departments in six different regions. Another State used its entire LWCF appropriation to acquire and develop State parks.]

The second paragraph on page 17 implies that most States commit their funds to regions, districts, counties or cities prior to selecting projects. At the time this audit was initiated there were only eight States that had some form of regional or county allocation system. The open project selection guidelines, and subsequent instructional memoranda curtail any regional or county apportionment system that guarantees funds regardless of project merit and priority. This paragraph requires rewording.

[GAO COMMENT: The Department's implication is not apparent. Our review showed that HCRS permits States to allocate or commit their apportionment to State projects or to local projects within regions, districts, or cities. As a result of some allocation systems, lower rated projects were selected for funding over higher rated projects.]

Further, the open project selection process may not curtail the problem. The process will continue to allow States to allocate their apportionment between State and local projects. Application of the State's selection process would be within these two categories. However, if all the highest rated projects would be within one category, and the State opted to allocate funds to both categories, lower rated projects would still be funded. We commented further on this practice on page 22 of the report.]

The conclusion on page 17 of the report that "\$7.6 million has been spent on comprehensive outdoor recreation planning in the States reviewed, yet we found very little - if any - correlation between the States' plans and their project selection and allocation processes" is an unsupported generalization. The limited number of examples used in the GAO report fail to substantiate this conclusion.

In the case of Alabama, the State took positive steps in April 1979 to stop using the first-come, first-served method of funding projects and adopted a priority system as part of the required open project selection process which abolishes the first-come, first-served method. The selection of projects in Alabama has already been covered under our previous comments on the report section entitled "State Plans Approved Primarily for Funding Eligibility."

Comments on page 18 attributed to the Director, Plans and Program Division, Alabama Department of Conservation and Natural Resources, and the Chief, Grants Assistance for the Southeast Region of HCRS appear to be taken out of context and have no applicability to what the current program is in Alabama. Further, the incorrect finding that the State has no implementation plan has been previously indicated in our comments to be incorrect.

During the period covered by the audit in Florida, the State had made a decision based on needs identified in the SCORP planning process to focus attention on land acquisition particularly in threatened coastal areas and natural resource areas. Funds for development oriented projects were handled from other State funds. Florida is now broadening the use of L&WCF monies under the Open Project Selection Process.

In California the State L&WCF procedural guide is developed as part of the SCORP process and serves as the basis for selecting projects. The guide annually identifies updated project selection criteria that addresses changing priorities.

The text of Oregon's reply to the draft audit report is set out below.

"Referring to the discussion of Oregon's allocation of funds and selection of projects (beginning on page 20), we do not agree that the system Oregon has had in place lacks assurance that needed recreation facilities are being funded. While it is true that the Oregon process has perhaps spread the money thin, we believe that an in-depth analysis would show that very important and needed recreation facilities have been developed by virtually every local community within the State. These facilities and land acquisitions have taken place because the amount, be it ever so small, was made available to the communities on a consistent basis. Our records show that local government has received in excess of 60 percent of the regular funds apportioned to the State and not the 40 percent as cited on page 31. We also take issue with the statement that Oregon's plan specifies specific local population centers as having the greatest need for fund utilization.

Page 20 of the draft states that the lack of controls in Oregon's selection system makes it possible for county liaison officers to arbitrarily select projects regardless of need or priority. The system in Oregon has done quite the opposite. Local park and recreation professionals and interested citizens have traditionally gathered with the county liaison officer to sort out needs and establish priorities for fund utilization. While we agree that there may have been 36 different ways of doing this, we disagree with the statement of arbitrary selection.

Oregon is in the process of adopting an administrative rule to conform with the HCRS mandated open project selection process. The process establishes a centralized priority rating system for projects submitted directly to the State and not through the 36 county liaison officers. The new system will not maintain the decentralized selection process. We believe that the statements attributed to the assistant administrator of our Division were in the context of the State planning laws which require incorporated cities and all counties to develop comprehensive land use plans containing recreation planning elements. The draft report indicates the assumption that State law would override the Federal requirement for open project selection. This is not so."

The report's narrow focus on four States and the lack of substantiated or factual information does not allow for a broad conclusion to be drawn that "projects have been financed that do not meet States' or local communities' priority park and recreational needs, . . ." Nor can the report conclude that on a national basis States' selection procedures do not insure systematic methods to fund needed projects. This is not substantiated by the examples given and certainly cannot be represented on a national level.

[GAO COMMENT: At the time we performed our audit, we found little use of some State plan priorities in the project selection and approval process. In some other cases, the plan was used but the priorities set forth in the plan were so general that States felt that they could fit virtually any LWCF project into its selection criteria. In addition to the examples cited in the report, which we believe support this view, we also identified problems in other States. For example, in one State, projects were selected for funding without reference to SCORP. We were told by State officials that SCORP priorities are so general that any project would qualify for assistance and that, at the end of the year, all selected projects are related to one of the SCORP priorities for annual reporting purposes.

We do not believe the HCRS comments address the report findings. For example, HCRS states during the period covered by the audit that Florida focused attention to land acquisition particularly in natural coastal and natural resource areas. These recreational areas may be needed in the State; however, we were unable to determine if there were higher priority projects that could have been funded. We were unable to do so because the State did not rank projects according to need and because the State plan is very general. California and Oregon's geographical allocation distribution system allowed lower rated projects to be funded on a Statewide basis. Thus, the States' highest ranked or highest priority projects are not always being funded and a correlation did not exist between high priority projects identified in SCORP and the actual funding of projects.

We believe our report accurately describes the situation as it existed in Florida and Oregon at the time of our review. Any actions they have taken since then to improve their project selection process is a step in the right direction. Additional remarks on Oregon's comments are found on page 114. See page 117 for comments on Alabama. The material on draft page 31 has been deleted.]

Evaluation Process Could be Improved

The statement on page 21 of the report that "the Service's grant review and approval process does not always consider whether proposed projects meet priority needs identified in the State plans and Service approval has become, for the most part, a 'rubber stamp' for all grant requests" is misleading and does not correctly convey the efforts undertaken in the past four years to improve and streamline program administration.

An early priority of the Administration was to simplify and streamline the administration of Federal aid systems. The President directed Heads of Executive Departments and Agencies on September 9, 1977, to simplify and streamline their administrative procedures consistent with OMB directives with particular attention given to:

- . Application and reporting requirements
- . Revision of regulations
- . Grant payments

Further, the May 1978 program review by the Department of the Interior's Office of the Inspector General, endorsed the concept of simplifying grant application procedures through the use of certification projects.

As a result of consultation with the Solicitor's Office, the Inspector General's Office, OMB, and the States, the Service issued revised application procedures, reimbursement procedures and program administrative requirements on July 25, 1978. These revisions streamlined and simplified application requirements and increased the State's program management responsibility. Under the revised guidelines, States can submit fully documented projects, consolidated projects, or single projects with reduced documentation. Under the consolidated and single project option application procedures, minimal documentation is required. The States assume responsibility for evaluating and assuring the proposal's conformance with program requirements. Service reviews for simplified project applications are limited to environmental and certain compliance requirements but do include a determination that the project is in accord with the SCORP as required by law. It is incorrect on page 21 of the report to indicate that this determination is not taking place. Service grants staff have always been required to check each project for being in accord with the SCORP.

The States role is properly one of implementing a project selection system which prioritizes and identifies projects for funding and assures major emphasis is given to SCORP-identified priorities in this process. This is being done through the Open Project Selection Process. The region's review must assure conformance with the SCORP but should not prioritize projects. Under these revisions the Service has initiated State program reviews and the annual reporting requirements of the Fund Act, as well as technical assistance to the States and evaluation of the States planning program as outlined in the newly-initiated planning agreement with the States. These measures, in addition to the project reviews, on-site inspections of selected projects and involvement in the State planning process provide a basis to evaluate the States' program and the effectiveness of funds being obligated. These are program reforms that the Service undertook in accordance with national policy and are not superficial as represented on page 21 of the draft report.

We strongly object to the use of the word "rubber stamp". This is inappropriate and fails to recognize major steps that the Service has taken as a matter of national policy to improve and simplify program administration and to initiate reforms in planning, project selection and grants administration. Also, it must be noted that States are fully aware that projects must meet needs identified in their plan before HCRS can approve them. They know HCRS staff checks for compliance on each project and therefore few projects are submitted where an identified need does not exist.

[GAO COMMENT: Although the Service may require its staff to check each project to assure that it is in accord with SCORP, we believe our report examples show that the Department's grant review and approval process did not always consider whether proposed projects met priority needs identified in State plans. The use of the term "rubber stamp" to characterize the project approval process originated with HCRS project officers and should have been attributed to them. The report has been modified to clarify this point.]

The Department stated that the open project selection process will provide a mechanism for implementing a process that ranks and identifies projects for funding and assures major emphasis is given to SCORP-identified priorities. HCRS stated that review (of project selection) must assure conformance with the SCORP but should not rank projects. We believe that, with the potential for limited future program funding and the competition for that funding, HCRS should evaluate and approve projects that meet the highest priorities identified in the State plans. We further believe that when the open project selection guidelines are used in conjunction with State plans developed under the 1980 revised State comprehensive outdoor recreation planning requirements, the public's recreation needs should be better satisfied.]

The end of this section (page 23) discusses the use of the 26 criteria for evaluating the State Plan. This recommendation seems to be out of place with regard to the subject matter discussed in this section.

[GAO COMMENT: We agree and have relocated this information on page 23 of the report.]

New Guidelines are useful but could be improved

The first paragraph on page 22 of the draft report incorrectly infers that States disregard SCORP-identified needs in their project selection processes. This is not the case. States have had selection systems or are in the process of developing systems which include consideration of SCORP identified needs. The recently issued guidelines for project selection make it even more explicit that those States without adequate systems will improve project selection procedures and that there will be more uniformity and adherence to openness in existing systems.

[GAO COMMENT: Examples developed in the report demonstrate that projects have been selected for funding without regard to priorities established in State plans. Further, it appears that HCRS is commenting for the sake of commenting. First it says that States regard SCORP-identified needs in their project selection process, then it says

"States have had selection systems or are in the process of developing systems which include consideration of SCORP identified needs. The recently issued guidelines for project selection make it even more explicit that those States without adequate systems will improve selection procedures and that there will be more uniformity and adherence to openness in existing systems." (Emphasis added.)

In this latter statement, HCRS is acknowledging that some States do not have a system to address SCORP-identified needs in their project selection process.]

The Open Project Selection Process does distinguish between State and local projects and the L&WCF Act clearly gives the States the legal option of funding State projects and/or the discretion to pass through funds for local projects. This is an option that we have not felt necessary to change since 60 percent of Land and Water Conservation Fund moneys are currently being utilized by local project sponsors. While both State and local projects are subject to the requirements of the Open Project Selection Process, there may be separate selection processes for State and local projects so that State and local projects which meet different priority needs are not forced to compete against one another. On the other hand a State is not prevented from having State and local projects compete against each other if it chooses to do so.

[GAO COMMENT: A careful reading of the report will show that we question whether project rating criteria should be distinguished between State and local projects.]

The report's concern about State geographic allocations should be reconsidered. The Open Project Selection Process prohibits States from guaranteeing L&WCF monies to sub-units of the State. Under the Open Project Selection Process (Part 640.7 of the L&WCF Manual) States may not apportion L&WCF funds to sub-units. As clarified in a September 5, 1980, memorandum on the subject to all Regional Directors, "States may establish funding ceilings on a regional or county-by-county basis in order to facilitate the equitable distribution of funds throughout the State and to help ensure that the greatest needs in all areas of the State are met. A proportion of a State's apportionment may also be targeted to high need areas so that such areas have first call on funds to fulfill high priority needs as identified by the SCORP process. Funding ceilings for individual projects may also be established. Project priority rating and selection, however, must take place centrally (by the SLO or otherwise in accordance with State law) and there can be no explicit or implicit guarantee of funds to any given area within the State.

Finally, guidance in implementing the Open Project Selection Process is being provided by HCRS regional offices to State officials through workshops, correspondence, and individual meetings with State officials.

Public participation is required in the formulation or execution of the State's project selection system. This does not preclude developing the selection system as a part of the SCORP process, and, therefore, utilizing the SCORP's public participation mechanism, provided that the State's Open Project Selection Process is addressed. HCRS had, in response to State comments on the Open Project Selection Process, stated that SCORP public participation, which had occurred prior to the implementation of Manual Part 640.7, would not satisfy the requirement since the Open Project Selection Process could not have been specifically included in the planning process. This was not meant, however, to preclude future use of SCORP public participation processes in the implementation of the Open Project Selection Process, or to deny results from past public participation where review of the project selection process and priority system were part of the State planning process.

[GAO COMMENT: There does not appear to be a conflict between our report and HCRS' position.]

Chapter 3Overview

Generally this chapter provides the reader with the one-sided view that the use of Federal funds for parks and recreation at the State and local level and the use of some of these funds with L&WCF moneys is inherently wrong. No attempt was made by GAO to look at the beneficial results derived from such funding relationships, particularly with regard to economically impacted communities.

[GAO COMMENT: We disagree. Our concern here is that States are becoming increasingly dependent on Federal funding sources, whether from the Land and Water Conservation Fund or other programs, to finance their outdoor recreation needs.]

Increasing Reliance on Federal Funds to Match Land and Water Conservation Fund Grants

In addressing the use of other Federal funds as a match with Land and Water Conservation Fund assistance the draft report has not distinguished between the two basic types of assistance that can match L&WCF moneys.

First, there is supplemental funding. Supplemental funding programs involve moneys transferred to and administered by HCRS as part of the matching share of a L&WCF grant. Supplemental grants are provided primarily by the Appalachian Regional Commission (ARC) under the Appalachian Regional Development Act of 1965, and other Regional Commissions such as the Coastal Zone Regional Commission, the Four Corners Regional Commission and the Great Lakes Regional Commission under the Public Works and Economic Development Act of 1965. Funds from ARC and other Regional Commissions make up 96 percent of the supplemental funding utilized with L&WCF assistance. Supplemental money has been provided to 27 eligible States in conjunction with L&WCF assistance. In all but one of the 27 States, the amount of supplemental funding used with L&WCF assistance over the life of the program has amounted to less than one percent of the total L&WCF assistance provided to those States. Contrary to the report findings (pg 26), the Service maintains detailed records on those supplemental funds utilized with L&WCF assistance. These records can be made available to the GAO upon request. The level of the supplemental funding does not appear to warrant GAO or Congressional concern. This is particularly true when viewing the positive benefits derived when the use of supplemental funding allows economically impacted communities limited participation in the L&WCF program.

Second, there is basic grant money which is allowed by virtue of its authorizing legislation to be used to match Federal programs including the L&WCF program. This type of Federal grant money may be utilized by the participant at its discretion as local funds to match L&WCF assistance. These funds are not transferred to HCRS.

Revenue sharing and HUD Community Development Block Grant (CDBG) funds are the primary source of "other Federal Grant" moneys used with L&WCF assistance. It should be noted, however, that General Revenue Sharing funds provided to communities and States under the State and Local Fiscal Assistance Act of 1972 were not included in the proposed language in the House appropriations legislation (H.R. 7724) which would have prevented the use of other Federal funds with FY 1981 L&WCF appropriations. This proposal was defeated in the Senate and rejected by the conferees, thus, reaffirming congressional intent to allow the use of other Federal funds with L&WCF assistance. Given the discretionary nature of general revenue sharing and its perception if not treatment by communities as local funds, it is doubtful if General Revenue Sharing should be questioned as an appropriate match.

The Annual L&WCF Report is the only uniform method required of the States by law for annually reporting the use of other Federal funds. Accurate reporting of CDBG money and General Revenue Sharing by the States has been deficient, but will be complete for FY 1980 and in the future to the extent local communities accurately report this information to the States.

[GAO COMMENT: For the purposes of this report, we reviewed all Federal funding sources that HCRS recognizes as permissible to be used by grantees to help meet the act's matching requirement. We are aware of and have obtained HCRS records on supplemental funding programs administered by HCRS, primarily comprised of the regional commissions. We recognize that these monies, as reported by HCRS, represent a small portion of the total matching requirement in the States in which they are used. However, CDBG and revenue sharing monies represent a far greater amount of funds that could be used to meet the act's matching requirement. Even though some grantees consider these funds discretionary, we believe they are still Federal-origin funds and should be so identified. HCRS admits that it has been deficient in obtaining and reporting this information. At the time of our review, HCRS did not know the full extent to which other Federal grant-in-aid programs were being used to match LWCF grants, even though it is required to report these amounts annually.]

The GAO draft report may present misleading figures to support its conclusions. The report indicates that it identified 164 of 1,796 projects approved by the eleven States in FY 1977, 1978 and 1979 as using about \$19 million in other Federal funds. This amount is equal to only 7 percent of the total Land and Water Conservation funds obligated to those States during this period. Further, 164 projects is only 9% of the total projects approved. The report by citing two southern States and their use of other Federal funds and by using the above mentioned data infers that 70 to 80 percent of the funding for projects in these States over the three year period was from Federal sources including L&WCF. Extrapolations of this type do not provide an accurate or proper basis for making these generalizations. The report also states that 461 projects of 625 reviewed throughout the United States were identified as receiving \$43.3 million in financial assistance from other Federal programs. If our understanding is correct and only projects receiving other Federal funds were reviewed, as opposed to a random sample, then drawing conclusions on the magnitude of other Federal assistance for 25,000 projects funded over the life of a \$2.3 billion assistance program could also be misleading.

[GAO COMMENT: We do not believe our figures are misleading. As stated earlier, HCRS does not know the exact amount of other Federal funds used to match LWCF grants. HCRS, by its own admission, has been deficient in collecting this data even though it is required to do so. The figures in our report are based on grants in which the grantee has volunteered the financial information. We have been informed that many grant recipients consider Federal funds, such as CDBG and revenue sharing, as their money and do not report it as Federal funds. Many States agreed that more CDBG and revenue sharing funds are being used to match LWCF grants than what is reported. Accordingly, we believe our figures are not misleading, and present a conservative picture of the extent to which other Federal funds are being used to match LWCF grants.]

The use of the figures presented in the report along with a review of a very limited number of States may lead to premature and biased conclusions being drawn on the issue of other Federal funds before the issue can be properly reviewed. In allowing L&WCF funds to leverage Revenue Sharing, CDBG money and Supplemental Funds that might otherwise not be spent on improving outdoor recreation opportunities in certain communities, we believe the

original intent of the Fund Act is not being violated. The provision of recreation opportunities in those communities that are least able to provide the local match has to be carefully considered. As pointed out in the 1972 GAO report, which was referenced in this draft report, the lack of matching funds in low-income, densely populated communities was a major barrier to program participation. The draft report presents the topic of using other Federal funds to match L&WCF in a totally negative sense without looking at the positive aspects of these congressionally approved departures from the language in the L&WCF Act as they relate to the findings in the 1972 GAO report.

The draft report's revised recommendation that Congress authorize the Secretary to waive all or a part of the required match for fiscally stressed grantees, ironically would reduce the effectiveness of the Fund more than any provision allowing the Fund to be used with other Federal funds. Where the 50 percent match is required other funds have to be utilized. Regardless of the source, these funds double the investment for recreation. Removing the matching requirement would therefore severely limit the ability of appropriated L&WCF moneys to provide recreation opportunities.

[GAO COMMENT: Without the statutory authorizations of certain other grant programs that permit the use of program funds to satisfy the match requirement under other grant-in-aid programs, it would be impermissible for LWCF grantees to use such funds to meet the 50 percent match prescribed by the LWCF act. HCRS states that "Regardless of the source, these funds double the investment in recreation." (Emphasis added.) We, however, are very concerned how the grantee meets the matching requirement under the act. We believe that most State and local governments have funds at their disposal for use in community development and that they must decide whether to invest those funds in fire and police protection, sewer systems, recreation facilities, or other services. We are recommending that if the Congress decides to require satisfaction of the matching requirement with State and local origin funds, authority should also be granted to the Secretary to waive the matching requirement, where appropriate, for fiscally stressed grantees.

What HCRS also seems to overlook is the possible desirability of reducing the overall scope of grant projects in the case of fiscally stressed grantees. Although doubling the investment in recreation may be a laudable objective during times of fiscal prosperity, during times of fiscal stress, it would not be unreasonable to expect that at least some grantees would have budgetary priorities exceeding recreation needs, and the scope of projects should be reduced accordingly.]

Adequate Funding for Operation and Maintenance (Pg 28)

Two statements are of concern on this page.

1. "The Heritage Conservation and Recreation Service continues to provide funds for the acquisition and development of new facilities even though some State and local governments are having difficulty operating and maintaining their existing facilities."

The inference here is that this is improper. It is not from a legal or procedural basis. Increased difficulties with operations and maintenance can be found in many public service programs. Difficulty in operating and maintaining facilities does not, however, equate with the requirement of the Fund Act that the State give assurances it has the ability to operate and maintain funded facilities. While some States and local communities may have cut back on personnel and expenditures for O&M they still may have the capability to maintain facilities and utilize alternative approaches and innovations to keep the facilities operational. The provision of funds to improve facilities, and provide new areas and opportunities, cannot be denied a State based on the type of general findings and examples that are presented in the report. Nor should the draft report draw the broad conclusion that HCRS continues to provide funds for State and local communities having difficulty operating and maintaining existing facilities. This is an issue that can best be addressed on a project-by-project basis by a State as it reviews an applicant's capability to operate and maintain facilities before submitting a project.

We concur with GAO that this is an important, on-going issue. States are evaluating communities' capability to sustain operations and maintenance costs as an integral part of pre-application planning. We agree, however, that more attention should be focused on this issue nationwide as part of the pre-award process.

[GAO COMMENT: We have clarified the statement.]

2. "As some parks begin to deteriorate, State and local governments are relying on Federal programs to provide the necessary funding for the operation and maintenance of their park systems."

This could be misleading if it is not clearly stated that CETA funds are those funds referred to in this quote. Further, CETA only makes up a portion of some operation and maintenance programs. The report needs to re-examine the issue as it now exists under the 1978 CETA reauthorization legislation.

[GAO COMMENT: This statement is not misleading as CETA is only one of several Federal funding sources that could be used for operation and maintenance. Other sources include the Department of Agriculture's Youth Conservation Corps Program, revenue sharing, and the Community Services Administration.

The Department states that CETA only makes up a portion of some operation and maintenance programs and that the 1978 CETA reauthorization legislation may have an impact on operation and maintenance programs. However, according to the Department's "Third Nationwide Outdoor Recreation Plan," that "portion" seems to be substantial and the reauthorization legislation may have little effect. As quoted in that document:

"CETA, a manpower training program, is the largest [Federal] contributor [to recreation], providing over \$600 million in 1976. This money is used to hire people to operate and maintain recreation facilities and programs. Almost half of the entire Federal funding for local parks and recreation comes from CETA grants. However, CETA has newly instituted regulations which limit the average salary paid to workers and the length of their employment. While this redesign of CETA will hurt some recreation programs, it is not expected to result in widespread fiscal hardships." (Emphasis added.)

Further, the Brookings Institution report entitled "Parks, Recreation, and Historic Preservation Allocations Under the Community Development Block Grant," sponsored by the Department of the Interior, states the legislative changes in the CETA program may increase the use of CETA employees for parks and recreation programs.]

Grants could overextend State's ability to provide adequate operation and maintenance

This section of the report concludes that: "even though 9 of the States we reviewed indicated that they are having difficulties operating and maintaining existing park systems, the Service apportioned about \$77.3 million to them for additional acquisition and development in fiscal year 1980 without assurance that the new projects will be adequately operated and maintained for their useful life."

The difficulties mentioned in this Section were based on general statements of problems with operation and maintenance enumerated on page 28, 29, and 30 of the report. The report's review is not, however, an indepth analysis and can, without further documentation, be only peripherally applicable to the individual States listed. Yet the report would have the readers believe that operations and maintenance problems are so rampant as to require the 1980 apportionment of funds be brought into question and that State and local officials would act in an irresponsible way to undertake projects they did not intend to maintain or utilize. While operations and maintenance is a problem, there is little evidence that current apportionment levels are out of balance with the acquisition and development needs of State and local governments. Sixty to sixty-five percent of the funds utilized by State and local governments go for development projects including the redevelopment of existing parks. Further, sixty percent of all obligated funds go to local projects where close-to-home recreation facilities are provided. These funds are important to the improvement and creation of both existing and new outdoor recreation facilities. However, Fund assistance constitutes only a small portion of the overall recreation capital outlays of State and local governments. There is no evidence in this report to substantiate the claim that such assistance is overextending State and local abilities to operate and maintain facilities.

[GAO COMMENT: We disagree. The "indications of operation and maintenance problems" referred to on pages 28, 29, and 30, along with other specific examples cited in the report, clearly show the problems States are having operating and maintaining existing recreation facilities. Even though there may be an unmet demand for recreational projects, it would not be unreasonable to assume, and recreation departments have admitted, that additional projects would further strain operation and maintenance budgets.

All of the States we reviewed are having difficulty operating and maintaining existing facilities, yet they continue to develop new facilities. One State official told us that the LWCF program is a "dangling carrot" that his State cannot refuse, yet his State recognizes operation and maintenance as the most important problem facing recreation today.]

The report draft, in addressing the issue of operations and maintenance, states on page 35 "The Service realizes it has the responsibility and is in a position to take the lead in addressing the issue; however, it has done little."

This is not correct. The question of operations and maintenance costs and how to mitigate them is currently being dealt with by the HCRS Parks and Recreation Technical Services Program on a nationwide basis. This program has as one of its primary objectives providing technical assistance tools to State and local park officials in subject matters concerning operations and maintenance. With its latest publications and nationwide seminar programs, the agency has taken the lead in promoting effective cost cutting strategies that can be utilized by a variety of agencies. GAO's own report completed in 1979 on technical assistance responsibilities by HCRS indicates the beneficial role HCRS is playing. To date we have provided the following information and training packages:

Fees and Charges Handbook which provides a methodology for determining the feasibility and equitability of fees and charges;

Contract Services Handbook which is a guide to the benefits and risks of contracting as a strategy;

Maintenance Impact Statements which provides advice on how to establish a policy to consider operations and maintenance costs during all phases of decisionmaking;

Energy Management and Planning, a major training program focusing on cost cutting strategies; and,

An entire series of publications and workshops dealing with techniques to involve the private sector in park and recreation operations including how to successfully use fund raising techniques, volunteers, and how to promote neighborhood self-sufficiency.

In the near future we will be producing additional tools in

Designing for low maintenance;

Operations and maintenance cost cutting strategies;

Use of revenue generating facilities, and

How to manage cutbacks in park and recreation agencies budgets.

[GAO COMMENT: This information was obtained from a June 1978 memorandum from HCRS' Pacific southwest regional director. Since that time, the Department has been addressing the issue. Accordingly, we have clarified our statement.]

Local governments rely on Federal support

On page 25 of the report it is stated that "the Federal Government, especially through the Comprehensive Employment and Training Act, is heavily relied upon by L&WCF grantees to operate and maintain their parks and outdoor recreation facilities. In 1976 alone, more than \$600 million was provided for these purposes." This comment implies that L&WCF grantees used \$600 million in CETA funds in 1976 for operation and maintenance activities. This is of course not correct since the \$600 million figure was nationwide and not limited to L&WCF grantees.

[GAO COMMENT: We have clarified the statement.]

The report states a nationwide dependency of park and recreation agencies on the Comprehensive Employment and Training Act (CETA) program in operating and maintaining L&WCF funded projects as well as other systemwide needs. While this may be true for a number of communities, it is not sufficiently documented in the report. It is erroneous to assume that because a large number of CETA participants are engaged in park maintenance activities or constitute a large proportion of the work force in a given Park and Recreation Department, the agency is "dependent" upon CETA for O & M. The majority of the statements regarding CETA dependency are not based on a rigorous analysis of the data. Those data cited are also a bit outdated since the 1978 CETA Reauthorization has considerably limited the ability of agencies to hire other than those individuals who are truly unemployed and in need of temporary work experience. The total social costs and benefits of the CETA program, whether used for meeting park and recreation needs or other community services, should be evaluated by GAO if

they wish to offer Congress a thorough analysis of the impacts of the two programs. In this case the Division of Community and Economic Development in GAO should coordinate with the Human Resources Division in GAO to ensure that they are correct in their assumptions and evaluation techniques. A major concern of the Employment and Training Administration is whether or not the Public Service Employment program is encouraging substitution at the local level; i.e., substitution of CETA workers for regular State and local workers. Had the GAO evaluators addressed this issue directly, we would be in a better position to comment on the validity of the findings.

From another point of view, it may be irrelevant to the administrators and legislators of L&WCF how a community successfully operates and maintains its park system. In other words, the CETA program is decentralized to the point that the Department of Labor cannot dictate where the prime sponsors are to spend their Public Service Employment monies, only that they not engage in substitution as defined by the Department of Labor. Therefore, it could be interpreted as incongruous for the government to criticize communities for using CETA funds to maintain their park systems.

All of these issues and deficiencies need to be addressed before the GAO report is released.

[GAO COMMENT: A careful reading of our report will show that we generally state that parks and recreation departments are "relying more" on CETA funds for operation and maintenance. However, we disagree with the Service's contention that it is erroneous for us to assume that recreation and park departments are "dependent" on CETA funds for operation and maintenance of park facilities. Information concerning the reliance and dependence of recreation and park departments on the CETA program was obtained, in part, from a January 1978 report sponsored by the Department of the Interior entitled "National Urban Recreation Study." The report stated

"The majority of parks and recreation department officials indicated a significant reliance and dependence on CETA funded personnel * * *." (Underscoring added.)

* * * * *

"Most parks and recreation officials will admit that without CETA, parks maintenance and recreation services would be cutback. Many state that CETA personnel are needed to continue the current level of services."

In addition, a Brookings Institution report entitled "Parks, Recreation and Historic Preservation Allocation Under the Community Development Block Grant," sponsored by the Department, stated that recreation departments placed a substantial reliance upon CETA funds to pay employees in park and recreation activities. As an example, the report cited one city where CETA labor represented about half of the entire parks' maintenance work force. We believe our report finding--that recreation departments are relying on other Federal funding for operation and maintenance--is correct and is further supported by Department of the Interior-sponsored studies.

Our report was not intended to provide a thorough analysis of the impacts of the CETA and the LWCF programs. During our audit we found that communities were relying on CETA funds to operate and maintain recreation facilities. We do not dispute that communities derive benefits from the CETA program nor do we criticize grantees for taking advantage of the program. The Department states that our data is outdated since the 1978 CETA Reauthorization Act considerably limits the ability of agencies to hire other than those individuals who are truly unemployed and in need of temporary work experience. However, the 1979 Brookings Institution report states that because of the legislation, operation and maintenance positions will pay lower scale wages, which is a factor that may favor parks and recreation departments.

We disagree with the agency when it says that

"it may be irrelevant to the administrators and legislators of the LWCF how a community successfully operates and maintains its park system."

We think there is a legitimate Federal interest in this area when the funds used are derived from Federal grant-in-aid and other Federal programs.]

Conclusions - Increasing Reliance on Federal Support. Pg. 38

The conclusion that many Land and Water Fund grantees are becoming increasingly dependent on other Federal programs to help finance their share of park and outdoor recreation facilities financed through the Fund is not supported by the report and leads the reader to believe that this is a problem of substantial magnitude. The impact of other Federal programs has not been clearly explained in the report, particularly as such impacts would relate to overextending State and local government capability to operate and maintain projects.

[GAO COMMENT: We have previously discussed the use of other Federal funds by State and local governments. (see p. 91). We find it interesting that the Department disagrees with our conclusion inasmuch as our conclusion parallels an HCRS finding. An excerpt from the "Third Nationwide Outdoor Recreation Plan" states:

"But all costs are rising so rapidly that local public recreation budgets can no longer provide the level of services for land acquisition, capital development and operations and maintenance that it has provided in the past. As in many other areas of public expenditure, there is also a trend developing in recreation financing to rely more heavily on the Federal Government for support." (Emphasis added.)]

The report provides no in-depth analysis or evidence which clearly indicates that funding to a State or States be discontinued or reduced on the basis of State or local inability to operate and maintain facilities. The only conclusion that can be drawn from the information presented in the report is that a general review of selected State and local governments indicates that the operation and maintenance of State and local park systems continues to be a concern which requires innovative approaches to resolve. The report should not suggest that controls and limits be placed on capital improvement programs without defining the types and degree of controls and limits and how they could improve conditions and not exacerbate the problem.

[GAO COMMENT: We believe continued acquisition and development of recreation facilities could "exacerbate" an already serious operation and maintenance problem. In fact, Department and Brookings Institution reports further support this point. Each of the 11 States we reviewed indicated that they are having difficulty operating and maintaining existing facilities. Inflation, coupled with Federal, State, and local fiscal reductions, could jeopardize future operation and maintenance functions. We do not believe our recommendation that the Secretary be given the discretion to withhold funding in whole or in part in States where it is determined that existing projects are not adequately operated and maintained is unreasonable. We further believe such action is necessary to protect the Federal investment in recreation.]

Finally, the information provided in the draft report is limited in scope and cannot be used to conclude "State and local governments park systems are becoming largely dependent on Federal funding sources." The report does not take into consideration the State and local appropriations, bond issues, donations, earmarked tax revenues, revenue producing facilities, and other sources of non-Federal revenue which on a nationwide basis exceed the Federal funding presence. The report's conclusion, unless based on a complete analysis of how State and local parks are financed, cannot be stated in its present form.

[GAO COMMENT: We acknowledge in our report that recreation and park departments receive the majority of their funding from State and local taxes. However, we also provide specific examples where State and local park departments place a significant reliance and dependence on Federal funding sources for acquiring, developing, operating, and maintaining their recreation projects. We also cite Department of the Interior and Brookings Institution reports that further support this finding. We believe our report finding is correct but have deleted the word "largely" to avoid misunderstanding.]

GAO Note: Page numbers in the agency's comments referred to the draft report and have been changed to reflect page numbers in the final report.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
RECREATION DEPARTMENT
3149 SIXTEENTH STREET, NW.
WASHINGTON, D. C. 20010



December 17, 1980

Mr. Roy J. Kirk
Group Director
Community and Economic Development
Division
United States General Accounting
Office
Washington, D.C. 20548

Dear Mr. Kirk:

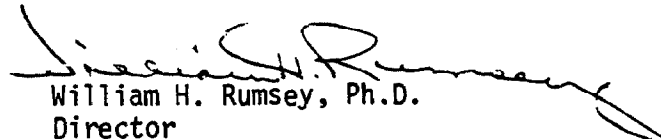
We appreciate the opportunity to review and comment on the draft report submitted to us recently. Mr. J.J. Dickerson of my staff contacted your office to discuss the illustration used for the District of Columbia and our proposed revisions.

We feel that the illustration cited on page 29 is somewhat misleading and does not accurately reflect our concerns. Please delete the paragraph and insert the following:

"During recent inflationary periods additions to the recreation facility system were made while at the same time personnel, maintenance, and other operating costs continued to rise. The additional workload, together with continuing aging of the system, has resulted in steady deterioration of numerous facilities. Meanwhile the city has been forced to refuse real property donations because of its inability to operate and maintain them".

Again we thank you for your consideration.

Sincerely yours,


William H. Rumsey, Ph.D.
Director

[GAO COMMENT: We believe the District of Columbia's remarks strengthen our report findings and we have inserted the above paragraph into the report as suggested.]



JAMES B. COULTER
SECRETARY
LOUIS N. PHIPPS, JR.
DEPUTY SECRETARY

STATE OF MARYLAND
DEPARTMENT OF NATURAL RESOURCES
CAPITAL PROGRAMS ADMINISTRATION
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FRED L. ESKEW
ASSISTANT SECRETARY
FOR CAPITAL PROGRAMS

January 6, 1981

Mr. Henry Eschwege
Director, Community and
Economic Development Division
United States General Accounting Office
Washington, D.C. 20548

Attention: Mr. Ray J. Kirk
Senior Group Director

Dear Mr. Eschwege:

In response to your recent request of November 28, 1980, I would like to change Maryland's statement on page 29 from "no operation and maintenance problems" to the following:

Maryland, like other States, has experienced recent budget constraints in the operation and maintenance of public parks and recreation areas. The problem is prompted from inflationary costs of services, supplies, and materials. Although this State has no problem matching Land and Water Conservation Funds on capital construction and land acquisition, increased use of many close-to-home parks has required more maintenance at higher costs. The State and local parks and recreation departments are experiencing actual operation and maintenance costs that far exceed budgeted funds.

In general, we would also like to be on record with our concern that the administration of the Land and Water Conservation Fund has become so encumbered with restrictive laws, policies, and regulations that its effectiveness to local units of governments, i.e., States, counties, cities, and towns, has been, to a large scale, decreased.

Many of these regulations and policies have been imposed on Heritage Conservation and Recreation Service by other agencies outside of the Department of the Interior. We would further state that under the circumstances, the Heritage Conservation and Recreation Service has done a good job in attempting to implement these cumbersome regulations; and sympathetic State agencies have absorbed much of the shock. However, the end result is still a burden on local applicants, and they cannot begin to adjust to or understand the complicated procedures.

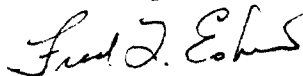
Mr. Henry Eschwege
January 6, 1981
Page 2

We often make the observation that this State could not deal with its subdivisions like HCRS must deal with the State. The local governments would simply not tolerate that kind of approach.

In the late 1960's, the Land and Water Conservation Fund was acclaimed as the most effective and responsive federal grants-in-aid program in the Nation. Today its reputation is one of lacking identity with local needs. Many times the effort to obtain the federal assistance results in a hardship to the applicant rather than an effective and successful effort to meet identified needs. We believe the public deserves a more sensitive and responsive administration of the Land and Water Conservation Funds.

Thank you for the opportunity to comment on this draft report. I would be happy to discuss my views with you in more detail should you have an interest in my concerns.

Sincerely,



Fred L. Eskew
For the State Liaison Officer

FILE:WOJ:tc

[GAO COMMENT: We believe the State of Maryland's comments support our report findings and we have incorporated them into the report.]



717 - 787-2814

The Secretary

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL RESOURCES
P. O. Box 2063
Harrisburg, Pennsylvania 17120

December 9, 1980

In reply refer to
RM-G

Mr. Henry Eschwege
Director
U. S. General Accounting Office
Community and Economic Development Division
Washington, D. C. 20548

Dear Mr. Eschwege:

This is in response to your November 28, 1980, letter.

We have reviewed those portions of the GAO Draft Report on the LWCF which pertains to Pennsylvania. Without benefit of the full report, it is rather difficult to place these comments in perspective, particularly as it relates to the conclusions and recommendations. However, we would like to make the following correction and reflect Pennsylvania's administrative policies in dealing with O&M financing.

Page 35 The state's two major bond programs and the LWCF program have provided almost \$300 million since 1964, not \$200 million since 1965.

[GAO COMMENT: These typographical errors were corrected.]

In the same paragraph, the Department of Community Affairs budget and salary survey of capital and operating budgets for 107 recreation and park departments had no bearing on the state park budget; therefore, it is erroneous to state "as a result of the decrease in the O&M budget, many of the state park systems' older facilities have deteriorated to the point of requiring major rehabilitation."

The fact of the matter is that our state park O&M budget has steadily increased over the past few years; however, these appropriations have not increased as fast as the annual rate of inflation, therefore, causing a negative factor in our overall capability for O&M purposes. Management alternatives have been, and continue to be, carried out in our state park program to partially offset this problem; as an example, we are placing highest priority on the use of state and federal funds that become available to maintain, rehabilitate and/or replace the existing

Mr. Henry Eschwege

December 9, 1980

physical plant rather than construct new facilities which require the future commitment of O&M funds.

[GAO COMMENT: We have clarified our statement to show that State operation and maintenance budgets have not kept pace with inflation.]


In addition, we have not acquired any new major park sites since 1974. Our emphasis on acquisition has been and will continue to be placed on lands that are critical to protect existing resource areas or lands not requiring heavy O&M commitments (no extensive development).

[GAO COMMENT: Although Pennsylvania may not have acquired any new major State park sites since 1974, it continues to acquire and develop local park and recreation facilities.]

We are, however, rapidly running out of management alternatives dealing with this issue and recognize that new legislative policies at the local, state and federal levels are required to deal with this.

We feel it is important to address our management policies in the GAO report and respectfully request your consideration in this regard.

Sincerely,



CLIFFORD L. JONES

620.0

ROBERT. LIST
Governor



**DIVISION
OF
STATE
PARKS**

JOHN L. MEDER
Administrator

SUITE 210
1923 N. CARSON ST.
CAPITOL COMPLEX
CARSON CITY,
NEVADA 89710
(702) 885-4384

Mailing Address:
Capitol Complex
Carson City
Nevada 89710

In Reply Refer to:

December 5, 1980

Mr. Henry Eschwege
Director Community and
Economic Development Division
Washington, D.C. 20548

Dear Mr. Eschwege:

We are unable to draw any conclusions from the fragmented pieces of the report you sent to us on HCRS's controls and uses of the L&WCF. Without the full report we are unable to determine how the Critical Planning Requirements were arrived at on page 23. The letter we received from HCRS did not state the areas identified in 1976 as critical. (copy enclosed)

We, therefore, do not feel we can comment on fragments of a report without knowing what is in the full report.

Sincerely,

John L. Meder
Administrator

By: 
Chris K. Freeman
Park and Recreation Specialist

JLM/CKF/dc


Enclosure

cc: John D. Cherry
Reg. Dir. HCRS
San Francisco, CA

[GAO COMMENT: We have deleted our section entitled "Critical Planning Requirements." After further analysis of the information, we determined that the schedule was not factually correct.]

Administration: (702) 885-4384
Operation and Maintenance: (702) 885-4387
Planning and Development: (702) 885-4370

*a division of the Department of Conservation and Natural Resources
Roland D. Westergard, Director*

O-313 



State of Florida

DEPARTMENT OF NATURAL RESOURCES

DR. ELTON J. GISSENDANNER
Executive Director

3900 COMMONWEALTH BOULEVARD / TALLAHASSEE 32303

BOB GRAHAM
Governor
GEORGE FIRESTONE
Secretary of State
JIM SMITH
Attorney General
GERALD A. LEWIS
Comptroller
BILL GUNTER
Treasurer
DOYLE CONNER
Commissioner of Agriculture
RALPH D. TURLINGTON
Commissioner of Education

December 15, 1980

Mr. Henry Eschwege, Director
Community and Economic
Development Division
U. S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Eschwege:

We appreciate your providing this office with your draft report on State utilization of Land and Water Conservation Fund money.

We have no serious objections to the report, but we would like to know your rationale for stating that Florida had deficiencies in the column headed "Demand"--1971 and 1976--under your caption, "Deficiencies in Critical Planning Requirements".

Finally, we would like to have a copy of your final recommendation to Congress resulting from your investigation of the operations of this program.

Sincerely,

Ney C. Landrum
Director
Division of Recreation and Parks

NCL:jpb

[GAO COMMENT: We have deleted our section entitled "Critical Planning Requirements." After further analysis of the information, we determined that the schedule was not factually correct.]



DIVISIONS /

ADMINISTRATION • LAW ENFORCEMENT • MARINE RESOURCES
RECREATION AND PARKS • RESOURCE MANAGEMENT • STATE LANDS



THE UNIVERSITY OF TEXAS AT AUSTIN
SCHOOL OF LAW
2500 Red River
AUSTIN, TEXAS 78705

December 2, 1980

Mr. Henry Eschwege
Director
United States General Accounting Office
Washington, D.C. 20548

Dear Mr. Eschwege:

In response to your letter of November 28, 1980, I have reviewed your enclosed draft report on the Heritage Conservation and Recreation Service's controls and uses of the Land and Water Conservation Fund and it is acceptable to us.

While I have not contacted each political subdivision of the state the summary appears to accurately reflect the situation in Texas.

Sincerely,

A handwritten signature in cursive script that reads "Byron Fullerton".

Byron Fullerton
Associate Dean

BF:dm

STATE OF CALIFORNIA—THE RESOURCES AGENCY

EDMUND G. BROWN JR., Governor

DEPARTMENT OF PARKS AND RECREATION

P.O. BOX 2390
SACRAMENTO 95811

(916) 445-2358

DEC 29 1980

Mr. Henry Eschwege, Director
Community and Economic Development Division
United States General Accounting Office
Washington, D. C. 20548

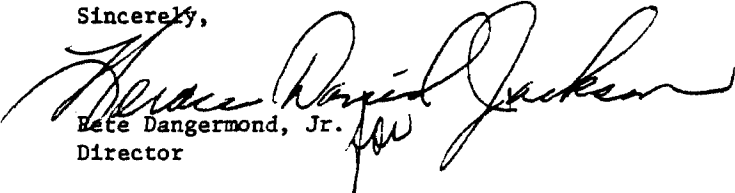
Dear Mr. Eschwege:

We are in receipt of your November 28 letter and attached portions of a recent draft report on the Heritage Conservation and Recreation Service's controls and uses of the Land and Water Conservation Fund. The attached paragraphs constitute our review comments of this material. This review effort was severely hampered by limited time and the absence of the full report. It was an enormous impediment to have less than half of the total report - various portions of which bore an unknown relationship to each other and to the complete draft document.

In reviewing this report, we were very distressed to find that information provided during the exit interview was not incorporated into the analysis prepared by your staff. Specific, demonstrable, factual errors pointed out were not corrected and have been retained in the current draft. The staff finds this very discouraging. We are also handicapped in our response by the generality of some of the comments and criticisms making it impossible for us to determine whether or not your staff believes they apply to California. We won't try to guess whether or not you refer to us. In our remarks, we will simply make no response to comments that were not clearly directed at the California LWCF program. A more appropriate approach for such a report would be an orderly, objective, straight-forward critique of each of the 12 State plans and their LWCF programs. And finally, it is very misleading to portray California's planning process by describing the last comprehensive update without considering the numerous subsequent efforts that exist and are being developed as part of the on-going SCORP process.

We would appreciate having these comments, and any responses to them your staff may have, incorporated into the final published report.

Sincerely,



Pete Dangermond, Jr.
Director

Attachment

[GAO COMMENT: Our review was directed at how well HCRS administered the Land and Water Conservation Fund Program. Our audit approach is discussed in the objectives, scope, and methodology section found on page 4 of the report. As discussed on page 58, our policy is to provide persons and organizations outside the Federal Government with only those sections of the report that apply to their activities.]

Page 12 of the draft report states that California does not consider private facilities at hotels, etc., but does include the occupants in the demand-generating population. This statement is true, but it completely misrepresents the California PARIS model. The participation rates in PARIS are based only on participation that occurs away from the place of residence.

[GAO COMMENT: We realize that PARIS [Parks and Recreation Information System] participation--demand data--is based on recreation activities away from places of residence and is expressed as "potential demand." The August 1978 Users Guide to PARIS states that it is a yardstick of what recreationists would do if the supply of facilities were not limited. Because California does not consider private facilities but includes their occupants in the demand-generating population, "actual demand" cannot be accurately determined.]

Page 12 implies that California uses a nationally developed standard to quantify recreation lands and that our plan makes no allowance for differences between communities. This statement directly contradicts page 27, paragraphs 1 and 2 of CORRP.

[GAO COMMENT: We disagree. Acreage-per-capital standards do not make allowance for differences between communities or their financial ability to acquire lands to meet the standards. A careful reading of the report will show that California uses such standards and the PARIS computer model. We do not believe the report contradicts the paragraphs noted, which state, in part:

"Two methods are used * * * to quantify recreation deficiencies in California. Recreational lands are measured against a standard of ten acres of local park lands and ten acres of regional park lands per 1,000 persons. In addition, the supply or recreational facilities is compared with current recreation use patterns through the PARIS computer model, measuring against a baseline of 1960 recreation use patterns * * *.

"These measures of deficiencies are not firm or final answers; rather, they are indicators that should be supplemented by other sources of information in evaluating the desirability of a specific project. Thus, although a county may have a deficiency of regional park acreage as measured against a standard of ten acres per 1,000 persons, large federal or state land holdings in the county could offset part of the need for regional park lands." (Emphasis added.)

It should be noted, however, that the third paragraph on page 27 of the State plan, "Acreage Deficiencies," lists deficiencies of over 220,000 acres using these standards without mentioning any offsetting Federal or State land holdings.]

Page 13 of the draft report states that California's analysis inherently imposes that may be unattainable in light of high real estate costs. On page 12, the draft report indicates most of the acreage deficiencies are in large metropolitan areas. Page 28, paragraph 4 of CORRP specifically recognizes this situation, but further indicates that these areas are the most promising areas for the private sector. The explosive growth of theme and amusement parks in California's metropolitan areas since 1974 confirms the CORRP assessment as a much more accurate portrait than that presented in the GAO draft report.

[GAO COMMENT: We obtained our estimates of acreage deficiencies from page 27 of the State Plan. It is true that the paragraph cited on page 28 recognizes the role of the private sector--but not in the area of theme and amusement parks. This paragraph does not address acreage, but facilities:

"The recreation deficiencies in the nine metropolitan areas of California are further emphasized in terms of the one-hour travel time zones of these areas. Together these zones account for 42 percent of the camping deficiency, 29 percent of the picnic deficiency, 17.7 percent of the boat access deficiency, and 32 percent of the riding and hiking trails deficiency in California. Most of the lands in these metropolitan areas are privately owned, and it is these metropolitan areas, particularly the Los Angeles and San Francisco metropolitan complexes, that offer the greatest opportunities for creative and dynamic recreation ventures by the private sector." (Emphasis added.)]

Page 14 of the draft report states that California's plan was based on an inventory that was at least five years old. It does not reflect the fact that page 5 of the 1974 CORRP document provides for an inventory update in 1974-75 or that this inventory update was completed on schedule (a fact that was made known to two GAO auditors).

[GAO COMMENT: The statement in the report is correct-- California's State plan was issued in 1974 with an inventory of existing parks and recreation facilities that was at least 5 years old. We intended to show the age of the data at the time the State plan was published. Page 5 does show the schedule for updating inventory data. However, we must point out that only the inventory for northern California public recreation facilities was scheduled for 1974-75. The inventories for central and southern California were not scheduled until 1975-76 and 1976-77, respectively.]

The following sentence on page 14 of the draft report states that "other outdated data incorporated in this State plan was a study of urban recreation problems based on demographic data in the 1960 census." A copy of the Department's urban report was made available to the GAO auditors. The report clearly indicates that the study was based on interviews with a representative sample of 2,815 residents (page 13) and questionnaire information from 40 local recreation agencies. Information from the 1960 census was used in defining the areas to be sampled, but Chapter 2 of the report presents 1969 demographic data. More important all of this report's findings and recommendations were based on current (year old) information.

[GAO COMMENT: We have deleted the statement.]

Page 23. Although the report acknowledges administrative changes to the SCORP process since 1973, page 23, it appears to purposely ignore and distort the implication of that change. For example, the draft report does not discuss the planning effort or documents that were published as a result of planning to update California's 1974 CORRP. Nor does the report acknowledge California's open selection process, as approved by HCRS, for the distribution of LWCFs and selection of projects. This process involves participation in hearings by individuals who have had opportunities to participate in various aspects of the planning.

[GAO COMMENT: We have deleted our section entitled "Critical Planning Requirements."]

Page 18. In the discussion of the 60 percent of the funds allocated to local projects in California, the GAO report states that the \$50,000 distributed to one planning district is made on the basis that the planning district historically has been unable to match a greater dollar amount.

While it may be true that from time to time the jurisdictions within this planning district have not applied for the entire amount of funds, the \$50,000 figure was not established because of the matching capabilities but because it is the least amount of funds for which a meaningful project could be undertaken. On the basis of population, this small planning district would receive about \$5,000, which is insufficient to undertake a project.

[GAO COMMENT: We have clarified the statement.]

Page 19. The GAO report states that when funds available to a planning district exceed the dollar amount of its proposed projects, the submitted projects are not rated. This has not been the case since the project criteria were reviewed in 1978. Since then all projects are scored regardless of the funding situation in each planning district. According to criteria, "if there are more funds available to a planning district than required, the projects will not be necessarily funded unless they are considered high priority by the State Liaison Officer."

[GAO COMMENT: We have clarified the statement.]

Page 19. The report states that low-rated projects receive funding even though there might be several higher ranked projects in other planning districts not funded because of the competition for limited funds. While it is true that this could happen, the State Liaison Officer does not have to select projects in planning districts where there is no competition. However, this is usually the case because of the effort to achieve a statewide balance of the distribution of funds. It is no different than the way in which the annual apportionment of Land and Water Conservation Funds is distributed to the "55 states" by HCRS. Following the logic of the GAO report, why shouldn't the funds set aside for a small state be given to the larger states that have greater population and concentrations of people in the metropolitan areas?

[GAO COMMENT: We did not address this issue during our review.]



Department of Transportation
PARKS AND RECREATION DIVISION
525 TRADE STREET SE., SALEM, OREGON 97310

December 11, 1980

MR HENRY ESCHWEGE DIRECTOR
COMMUNITY & ECONOMIC DEV DIV
US GENERAL ACCOUNTING OFFICE
WASHINGTON DC 20548

Dear Mr. Eschwege:

The State of Oregon is in receipt of the General Accounting Office draft report on the Heritage Conservation and Recreation Service and would indeed like to make a few comments.

The brief discussion on planning eligibility appearing on page 16 is, in our opinion, in error. An early Oregon SCORP document did contain deficiencies and the Heritage Conservation and Recreation Service did, in fact, withdraw for a brief period of time Oregon's eligibility for funding. We are a bit perplexed with the statement that the deficiencies had not been corrected by January 1980. It was a result of the correction, or the commitment to correct the deficiencies earlier noted, that Oregon's funding eligibility was reinstated. We find nowhere in our records any statement of present plan deficiencies that would warrant rejection.

[GAO COMMENT: We have clarified our statement to show only those weaknesses in the 1978 plan that were identified in the HCRS evaluation. We deleted our statement that the deficiencies have not been corrected. Our audit work ended before the additional information was submitted to HCRS and we are unable to comment on it.]

Referring to the discussion of Oregon's allocation of funds and selection of projects (beginning on page 31), we do not agree that the system Oregon has had in place lacks assurance that needed recreation facilities are being funded. While it is true that the Oregon process has perhaps "spread the money thin," we believe that an in-depth analysis would show that very important and needed recreation facilities have been developed by virtually every local community within the state. These facilities and land acquisitions have taken place because the amount, be it ever so small, was made available to the communities on a consistent basis. Our records show that local government has received in excess of 60 percent of the regular funds apportioned to the state and not the 40 percent as cited on page 20. We also take issue with the statement that Oregon's plan specifies specific local population centers as having the greatest need for fund utilization.

[GAO COMMENT: We acknowledge that the State's allocation system can allow funding of needed projects. However, to clarify the point, wording has been changed to reflect "needed recreational facilities in accordance with State plan priorities." This position is supported by the Service's evaluation of the 1987 plan:

"In those planning jurisdictions where comprehensive planning has not been completed, there are potential problems in assigning State administered funds to local projects which have no documented evidence of priority. The State should implement procedures, which will assure that project proposals submitted under these circumstances are in accord with SCORP priorities.

The Service also noted in its December 1979 program review of the State's administration of the fund that not all files contain an analysis of the project's contribution to meeting a statewide priority and need.

We agree that Oregon has spent more on local projects than the 40 percent allocated and have deleted the comment from the report.]

Page 20 of the draft states that the lack of controls in Oregon's selection system makes it possible for county liaison officers to arbitrarily select projects regardless of need or priority. The system in Oregon has done quite the opposite. Local park and recreation professionals and interested citizens have traditionally gathered with the county liaison officer to sort out needs and establish priorities for fund utilization. While we agree that there may have been 36 different ways of doing this, we disagree with the statement of arbitrary selection.

[GAO COMMENT: We have modified the paragraph to respond to the State's concern. However, as the State points out in its comments, "there may have been 36 different ways" of selecting projects. The Service's December 1979 program review of the State's administration of the fund points this out also, as was done in the draft report.]

Oregon is in the process of adopting an administrative rule to conform with the HCRS mandated open project selection process. The process establishes a centralized priority rating system for projects submitted directly to the state and not through the 36 county liaison officers. The new system will not maintain the decentralized selection process. We believe that the statements attributed to the assistant administrator of our Division were in the context of the state planning laws which require incorporated cities and all counties to develop comprehensive land use plans containing recreation planning elements. The draft report indicates the assumption that state law would override the federal requirement for open project selection. This is not so.

[GAO COMMENT: The report has been revised to reflect the States being in the process of going to an open project selection process. Without having evaluated the process now being changed, we cannot comment on its effectiveness. We do not want to leave the impression that State law would override Federal requirements and have clarified our statement.]

We request that you carefully consider these comments in your review of the draft. We believe some of the statements made are a disservice to the recreation assistance effort of both the State of Oregon and the Heritage Conservation and Recreation Service.

Very truly yours,

David G. Talbot
State Parks Administrator

DGT/WAH:nmw

cc: Rich Winters
Wally Hibbard



STATE OF ALABAMA
DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

64 NORTH UNION STREET
MONTGOMERY, ALABAMA 36130

FOB JAMES
GOVERNOR
JOHN M. McMILLAN, JR.
COMMISSIONER

December 15, 1980

JAMES D. PUGH
DIRECTOR



DEC 15 1980

Mr. Henry Eschwege, Director
Community and Economic Devopment Division
United States General Accounting Office
Washington, D.C. 20548

Dear Mr. Eschwege:

The State of Alabama appreciates your offer to be afforded the opportunity to review and comment on your draft report, "Heritage Conservation Recreation Service's controls and uses of the Land and Water Conservation Fund". We in the Alabama Department of Conservation and Natural Resources (ADCNR) are today responsible as functional third-generation program managers of the Land and Water Conservation Fund (L&WCF) grant program in Alabama and offer to you editorial comments for your consideration.

The most striking point that drew my attention was your program reviewers edited remarks that "Leaped" from page 18 concerning a statement I made. Quote, "The Director, Plans and Programs Division, Alabama Department of Land and Natural Resources, said the first-come-first-served basis is a viable process because Alabama has so many unmet recreational needs and any project will satisfy some need." If the total quote made by the director was included in your report, the emphasis placed on the "printed quote" would not be taken out of content by readers of your document. The essence of my comments were "that Alabama was preparing to implement the open project selection process guidelines mandated by the Heritage Conservation and Recreation Service and to clear up all previous commitments for local projects made to Alabama executive and legislative administrators by past Alabama fund managers, a shot-gun approach would be taken whereby any prior commitment would be given an opportunity to present a proposal for a grant and the first-come-first-serve would become an all-come-all-served basis and be a viable process because Alabama has so many unmet recreational needs and all projects selected and/or served would satisfy some need." Therefore, if the supply (L&WCF monies appropriated to Alabama) met or exceeded the unmet lessor recreational demand, the need would be satisfied. By taking this approach to eliminating the previously committed back-log of requests, it would place the state in a position to prioritize future requests for L&WCF monies as directed by the service. I respectfully request that the paragraph be rewritten in its full context or be edited out of your report.

It will be difficult for me to give you a truly objective or balanced perspective response because Alabama was only afforded the opportunity to review

[GAO COMMENT: The full text of the director's statement has been included on page 18.]

nine (9) pages of your draft report; but by using a synchronized-systematic and incrementally flexible approach for insight into the pages provided by your staff, I would still like to comment on your report as I would visualize it was written.

Beginning with the first page sent to us (page 14) as related to State plans, it would be logical to assess from the brief insight given us that you were moving in the direction of "plans are being used only for eligibility and not for setting priorities to allocate L&WCF monies". This I will have to agree with. The major problem that would support the thrust you seem to be taking and I cannot speak for other states-only Alabama, is that we have only begun to bring demand down to the local level in the past six months. In the past, Alabama has only been able to demonstrate demand at the Regional Planning Commission level. Supply in the past could be defined through inventory surveys done in 1970-1975 at the city-county level, but without demand data at this level, needs could not be accurately determined. In as much, the statement made on page 17, "our review of 159 projects funded in fiscal years 1977 through 1979 revealed that Alabama selected and approved seven projects not meeting any needs identified in the state plan and 56 projects showing at least one recreation activity not identified in state plan as being needed." Unless your reviewers did document that the projects or activities were not needed at the specific site at which they were placed with demand-supply-need data, and like the state were using regional or multi-county need data to ascertain these assessments, this statement could be misleading. But neither can we refute nor support the views expressed in your report concerning this statement due to lack of information for proper assessment of this fact.

[GAO COMMENT: The paragraph was clarified to reflect the State's lack of demand data for local levels of government.]

A point that I feel you should express if you have not done so, is that the Service is working towards enhancement of programmatic planning and administration, project selection and monitoring through technical assistance, the L&WCF at the state level. Alabama has experienced excellent cooperation from the southeast region of HCERS with responsive organizational expertise in upgrading the planning, funding and technical assistance capabilities of the State. If I have one criticism of the Service it is that the national outdoor recreation plan printed in November, 1979 was intended to be used as a guide by the State in preparing their Statewide Comprehensive Outdoor Recreation Plans. To date, all we have received in Alabama is an executive summary. We feel we should be afforded the opportunity in having a complete document.

[GAO COMMENT: Recognition has been given to HCERS' latest guidelines for project selection. We agree with Alabama that all States should be provided with the entire nationwide outdoor recreation plan to guide States in their planning efforts.]

An area of great concern to Alabama and is alluded to by your reviewers in your report is the role other federal agencies play in providing recreational opportunities within the State. Although, the Land and Water Conservation Fund Act of 1965 intended for the Statewide Comprehensive Outdoor Recreation Plans to be utilized as a "guiding" document by federal, state and local governments in providing recreation, this has not been achieved in Alabama. Like many local projects that were justified under Alabama's past SCORP's,

Federal agencies appear to be moving off into their own areas of concern as they deem appropriate and without regard to Alabama's SCORP. I would suggest, if it was not done in your report, that assessments be made to evaluate what federal actions were taken in the past and proposed in the future by other federal agencies providing recreational planning, construction and technical assistance for proposed future development.

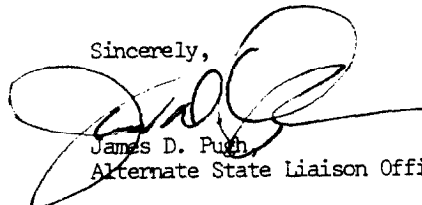
[GAO COMMENT: We recognize that other Federal programs can have a major impact on State recreation activities; however, this review did not focus on other Federal agencies' activities.]

On page 28, your report addressed a major national concern towards future "operation and maintenance" of previously funded recreational facilities. This area is also a major concern here in Alabama, not only at the state, but also at the local level. An area that will be looked at very closely in considering grant requests under our "Open Project Selection Process" will be how local governments are maintaining present recreational facilities. Not only will local governments recreational facilities be investigated for past performance as pertains to operation and maintenance, but budgets will also be evaluated to assess the local recreation commitment for continued serviceability to the public. The only problem lies with the fact that future years commitments cannot be obtained due to political instability of changing local officials and changing priorities associated with fiscal constraints and spiraling inflation. There is no conceivable way you can obtain long-term commitments from elected officials in addressing this problem except to cut-off the opportunity for future funding and in Alabama, even this avenue of approach has proven unsuccessful when recreation is judged secondary to public health and safety. Recreational facilities, therefore will always be last if a choice is given. It would be my hope that in your report you alert Congress to this most pressing issue.

[GAO COMMENT: Many of these concerns are addressed in chapter 3 of the report.]

I would like to thank you and your staff for giving the State of Alabama the opportunity for review and comments and look forward to receiving your final report.

Sincerely,



James D. Pugh,
Alternate State Liaison Officer



Department of Natural Resources

270 WASHINGTON ST., S.W.

ATLANTA, GEORGIA 30334

(404) 656-3500

Joe B. Turner

COMMISSIONER

December 8, 1980

Mr. Henry Eschwege, Director
United States General Accounting
Office
Community and Economic Development
Division
Washington, D.C. 20548

Dear Mr. Eschwege:

Thank you for the opportunity to review and comment on those pages in the GAO draft report on the Land and Water Conservation Fund which refer specifically to Georgia. We have reviewed pages 28, 29, 45, and the map of LWCF Obligations, which you sent, and find that they in no way refer to the way in which Georgia administers the Fund.

The example that is cited on page 29, dealing with lack of facility maintenance due to local fiscal cutbacks, should in no way suggest that Georgia wishes changes in the Fund to permit use of Land and Water money for operation and maintenance. Without seeing the remainder of your report, we cannot assure ourselves that such a false assumption will not be made by the reader.

Also, our post-completion inspection system is fully operational and will assure that maintenance will not be "totally eliminated" on federally funded facilities, so we have cause to question the severity of the statement. Certainly we agree that maintenance has become more difficult.

Finally, it is important in a review such as this to recognize improvements, even if they occurred since the report period, in order that Congress receive a balanced picture of not only where the LWCF has been, but also where it is going. In that regard we feel it was an oversight not to mention Georgia's improved allocation process. Georgia's new criteria with which

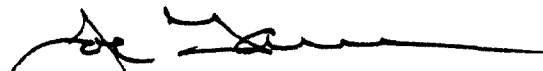
AN EQUAL EMPLOYMENT/AFFIRMATIVE ACTION EMPLOYER

Mr. Henry Eschwege, Director
December 8, 1980
Page Two

to score applications objectively, and in which need plays a significant part, would have been a prime example of such improvements. We were disappointed by its omission.

Thank you for this opportunity to comment.

Sincerely,



Joe D. Tanner
Commissioner

JDT:rjt

[GAO COMMENT: We do not suggest that Georgia wants to amend the fund to allow for operation and maintenance expenditures. Although we found cases during our review where maintenance had been totally eliminated, we have included Georgia's statement that its post-completion inspection system is now operational and that it believes the system will assure that maintenance will not be totally eliminated. Although Georgia's newly developed allocation system may change fund expenditures, projects funded under the system were not included in our review because they were approved after our audit cutoff period. Consequently, we are unable to comment on them.]

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