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# California State Parks: A Budget Overview

*By Matthew Buttice, Ph.D. and  
Jennifer Ruffolo, M.P.P.*

*Requested by the Senate Natural Resources and  
Water Committee and the  
Assembly Water, Parks and Wildlife Committee*



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# Executive Summary

In response to Assembly Bill (AB) 1589<sup>\*</sup> and several recent critical reports (the California Attorney General [1], the State Controller's Office [2], the Department of Finance [3], the Little Hoover Commission [4], and the Bureau of State Audits [5] [6]), the recently-formed Parks Forward Commission has launched a complete assessment of the California Department of Parks and Recreation (DPR). The Commission intends to design and adopt a long-term plan for "a financially sustainable and functionally relevant state park system that meets the needs of a changing population and provides an innovative park system model for the rest of the nation." [7]

This report is the first in a series on the California State Park system being prepared at the joint request of the Senate Natural Resources and Water Committee and the Assembly Water, Parks and Wildlife Committee. The committees are particularly interested in exploring changes that are needed to ensure the long-term sustainability of the system. The series of reports on DPR's budget, revenues, organization, structure, and use of partnerships will help inform the Administration and the Legislature, as well as support the Parks Forward Commission's work.

In this report, we take a broad look at DPR's budget. We first compare California to other state park systems' overall spending and revenue. We then describe the changes in DPR's budget and composition of funding sources over the last 20 years. The Technical Appendix contains additional information, data, and methods.

This report does not address the costs of running the state park system, nor the appropriate amount of General Fund to support the system.<sup>†</sup>

## KEY FINDINGS

As shown in Table 1, spending on California state parks increased over the last twenty years, in both nominal and inflation-adjusted dollars. Total system acreage increased by approximately 20 percent, while the number of authorized positions increased by 26 percent.

- Although the General Fund portion of DPR's state operations Support budget has been volatile, the total amount of General Fund increased 16 percent in real dollars over the last 20 years. Park-generated revenue<sup>‡</sup> has grown less than General Fund.
- The state operations Support budget increased over the past 20 years, although the composition of the Support budget changed: General Fund decreased from 38 to 31

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<sup>\*</sup> Huffman, Chapter 533, Statutes of 2012. Known as the California State Park Stewardship Act of 2012, the bill promoted the idea of "forming a multidisciplinary advisory council to conduct an independent assessment and make recommendations to the Legislature and Governor on future management, planning, and funding proposals that will ensure the long-term sustainability of the state park system."

<sup>†</sup> The Supplemental Report of the 2013-14 Budget required DPR to provide a report on park-by-park budgets by December 1, 2013. This, combined with an assessment of what services should be paid for by visitors, could serve as the basis for determining a baseline amount of General Fund.

<sup>‡</sup> The State Park and Recreation Fund, or SPRF, serves throughout this report as a proxy for park-generated revenue. SPRF receives most fees collected by DPR.

percent; park-generated revenue declined from 45 to 35 percent; and Special Funds\* increased from 17 to 34 percent. Growth in Special Funds accounts for most of the increase in the Support budget.

- Of the fifty states, California spends the most on and earns the most revenue from its park system. However, it falls to the mid-range on spending in support of the park system on a per-acre basis. It falls further behind other states in the amount of park-generated revenue on a per-capita and per-acre basis. States that do well in generating revenue in their parks tend to be smaller and to have smaller park systems, mission statements that encourage economic development, or dedicated funding sources.
- California Department of Finance (DOF) budget data and cross-state comparison suggest that the most promising source of additional funding for California State Parks might be park-generated revenue.

**Table 1. Changes in State Park System between  
FY 1991-92 and FY 2011-12<sup>†</sup>**

	Percentage Change	
	Nominal Dollars	2011 Dollars
<b>Total Expenditures</b>	<b>199.0%</b>	<b>55.7%</b>
State Operations	169.4%	40.3%
Capital Outlay	-30.6%	-63.9%
Local Assistance	359.8%	139.4%
<b>Support Expenditures by Source</b>		
General Fund	122.9%	16.1%
SPRF	109.8%	9.2%
Special Funds	427.6%	174.7%
<b>Support Expenditures by Category</b>		
Personal Services	104.4%	6.5%
Operating Expenses and Equipment	354.8%	136.9%
<b>Total Positions</b>	<b>26.3%</b>	
Regular	12.4%	
Temporary	54.9%	
<b>Park Acreage (in Millions)</b>	<b>19.5%</b>	

Note: Data from Department of Finance (DOF) E-Budgets for FY 1998-99 through FY 2011-12 and Printed Budget Documents for prior years.

\* In this report, "Special Funds" denotes all funds other than General Fund and SPRF. Special Funds include the Off-Highway Vehicle (OHV) Trust fund, federal funds, and general obligation bond funds.

<sup>†</sup> The OHV Trust fund grew by 184 percent during this time. Excluding the OHV Trust Fund from State Operations reduces the FY 1991-92 to FY 2011-12 growth to 28 percent.

## California in Perspective—Other State Park Systems

California State Parks is the second largest state park system in the country,<sup>\*</sup> with 279 park units covering 1.6 million acres of land—almost 1.6 percent of all land in California, or 3 percent of all non-federal land. The park system includes a diverse mix of natural and cultural preserves, historic sites, beaches, wilderness areas, and recreational areas such as reservoirs and off-highway vehicle parks. Annual visitation ranges from 60 to 80 million people.<sup>†</sup>

In this section, we describe California State Parks in general terms. Then, using data collected annually by the National Association of State Park Directors, we compare California to other state park systems in terms of state spending and revenue earned in the parks.

The California Public Resources Code Section 5003 specifies that DPR shall “administer, protect, develop, and interpret the property under its jurisdiction for the use and enjoyment of the public....” Hunting and fishing are not permitted in state parks, but are permitted in state recreation and state marine recreation areas when the Park and Recreation Commission finds that such use would not interfere with other recreational purposes.

The adopted mission statement of California State Parks emphasizes education, resource protection, and outdoor recreation:

*To provide for the health, inspiration and education of the people of California by helping to preserve the state's extraordinary biological diversity, protecting its most valued natural and cultural resources, and creating opportunities for high-quality outdoor recreation.*

Comparisons of California to other states reveal differences in state spending priorities and state park system operations. Data from the National Association of State Park Directors (NASPD) Annual Information Exchange show that although California has the largest budget and earns the most revenue, it falls to mid-range when viewed on a per-capita and per-acre basis.<sup>‡</sup>

Table 2 shows that although California ranked first at \$387.9 million in overall spending on state parks, it fell to the middle range in spending per park acre and per-capita. The same trend held for General Fund spending (in fiscal year [FY] 2011-12, DPR received 0.2 percent of the state’s total non-education General Fund spending).<sup>§</sup>

California is first in use of Special Funds and remains near the top for Special Fund spending on a per-capita and per-acre basis. The current Support budget includes 18 Special Funds, such as the Off-Highway Vehicle Trust Fund, Federal Trust Fund, Environmental License Plate Fund, Cigarette and Tobacco Tax Fund, and various bond funds.

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\* Alaska’s state park system has 3.3 million acres.

† Visitation figures include estimates of paid and free day use and overnight camping.

‡ See the Technical Appendix for additional information on the NASPD data and the rankings.

§ In FY 2011-12, California spent \$87 billion from the General Fund; \$54 billion was for non-education purposes. [25]

Although California ranks first in park-generated revenue at \$106 million, it does noticeably less well on a per-capita and per-acre basis, falling to 27<sup>th</sup> and 31<sup>st</sup> respectively. The states that do better in park-generated revenue, such as Kentucky, and Alabama, tend to have relatively small park systems,<sup>†</sup> with “resort state parks” that offer full-service lodges (see Technical Appendix for state rankings on park-generated revenue).

In recent years, even the smaller park systems have had budget troubles and have closed or transferred ownership of parks.<sup>‡</sup> Other systems emphasize economic development or recognize fiscal limitations

in their mission statements (e.g., Vermont and South Carolina). Some are funded primarily through user fees. In 2011-12, nine state park systems received no general fund support.<sup>§</sup> Others have dedicated funding streams, e.g., hunting fees in Mississippi or sporting goods sales taxes in Texas. Preliminary analysis suggests that, after controlling for a number of state-level characteristics such as population and annual visitation, revenue-generating features such as golf courses and restaurants in a state park system are associated with higher annual revenue.<sup>\*\*</sup> (A more detailed analysis and comparison of revenue-generating programs, directives, and policies will be performed in the next report in this series.)

**Table 2. Comparing California State Parks to Other State Park Systems, 2011-2012\***

	Value	Rank
Number of parks	279	6
Number of acres	1,596,267	2
Percentage of state land	1.59%	9
Percentage of nonfederal state land	3.05%	6
Number of visitors	67,987,208	1
Overall support expenditures	\$387,852,000	1
Per Park Acre	\$243	24
Per Capita	\$10	15
General fund support expenditures	\$121,219,000	1
Per Park Acre	\$76	21
Per Capita	\$3	17
Percentage of overall support expenditures	31%	24
Special fund support expenditures	\$160,668,000	1
Per Park Acre	\$101	13
Per Capita	\$4	8
Percentage of overall support expenditures	41%	12
Park generated revenue support expenditures	\$105,965,000	1
Per Park Acre	\$66	31
Per Capita	\$3	27
Percentage of overall support expenditures	27%	37

Note: National Association of State Park Directors (NASPD) Annual Information Exchange, 2011-12.

\* The reported figures for Special Funds and park-generated revenue expenditures do not match the DOF data used elsewhere in this report. However, results of the analysis do not change significantly. Using the DOF data for SPRF expenditures results in California ranking 29<sup>th</sup> in park-generated revenue per park acre and 21<sup>st</sup> on a per-capita basis. Using the DOF data for Special Funds results in California ranking 14<sup>th</sup> per park acre and 12<sup>th</sup> per capita.

† Rankings do not significantly change by removing Anza Borrego Desert State Park from California’s total acreage—without Anza Borrego, California ranks 24<sup>th</sup> in park-generated revenue per acre.

‡ Oklahoma is a relatively small state park system with an \$11 million budget, earning \$4.33 per capita, that proposed closing or transferring 7 out of 35 state parks in 2011. [23]

§ Alabama, Arizona, Colorado, Florida, Michigan, Missouri, New Hampshire, Oregon, and South Carolina

\*\* California state park concessionaires reported gross receipts of \$32.4 million from restaurants and catering, and \$3.3 million from golf courses in FY 2011-12. Of this, DPR received \$4.2 million in rent. [22]

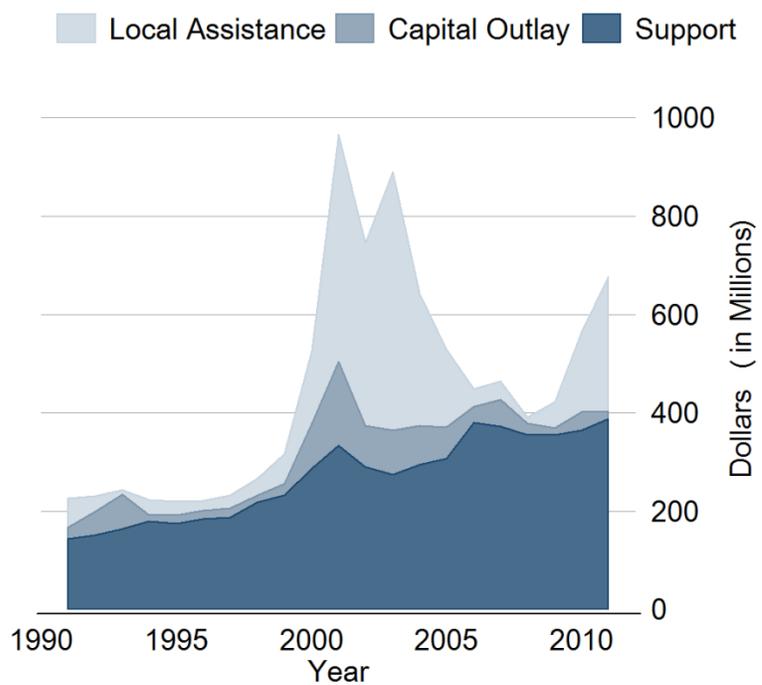
## Spending on California State Parks

In this section, we look at the budget of the Department of Parks and Recreation (DPR)—both in total and in support of state park operations—over the last 20 years. We break down the Support budget into its funding sources and look at how the composition of the Support budget has changed over time. We then describe the volatility of the General Fund component of the Support budget, and conclude with a brief summary of the events that led to the recent scrutiny of DPR and the formation of the Parks Forward Commission.

The DPR budget breaks down into three programs: Support, Local Assistance, and Capital Outlay. The Support budget covers the cost of operating the system, including staff and maintenance in all park units and headquarters. Through Local Assistance, the state pays for the development of local parks and recreational facilities throughout California. The Capital Outlay program develops infrastructure in state parks, such as campgrounds, visitor centers, lifeguard towers, and day use areas. Local Assistance and Capital Outlay are largely dependent on the availability of bond funds.

According to data from the Department of Finance (DOF),\* DPR's *total* spending in nominal dollars tripled† between 1991 and 2011, although a spike in Local Assistance accounts for much of the increase. In FY 2011-12, the last year for which expenditure data are available, DPR spent \$676 million for all three programs, of which \$387.9 million was for Support, \$272.7 million for Local Assistance, and \$15.9 million for Capital Outlay. During the past twenty years, DPR's total expenditures peaked in FY 2001-02 at more than \$966 million, which included Support spending of \$208 million, Local Assistance of \$462 million,

Figure 1. DPR Support budget grew while Local Assistance and Capital Outlay varied



Note: DPR expenditures from FY 1991-92 to FY 2011-12 in nominal dollars. The data come from DOF E-Budgets for FY 1998-99 through FY 2011-12 and Printed Budget Documents for prior years.

\* See the Technical Appendix for DOF budget information.

† This is equal to a 200 percent increase. During this time, DOF documents show that total state spending, including federal funds, grew by 160 percent.

and Capital Outlay of \$170 million.

As shown in Figure 1, DPR's budget spiked between 2000 and 2003, and again between 2010 and 2012. In nominal dollars, Capital Outlay in state parks *decreased* by 31 percent, while Local Assistance increased by 360 percent. While Support spending grew a total of 169 percent, the Local Assistance and Capital Outlay programs varied with available bond funding:

- Proposition 12, passed in 2000, included \$514 million for the state park system and \$845 million for local assistance grants;
- Proposition 40, passed in 2002, included \$870 million for local assistance grants; and
- Proposition 84, passed in 2006, included \$400 million for state parks and \$100 million in grants for nature education facilities.

## CALIFORNIA STATE PARKS SUPPORT BUDGET

Three main sources of funding comprise the Support budget: General Fund;\* Special Funds; and the State Park and Recreation Fund (SPRF), which is park-generated revenue. Special Funds are many and varied, such as the Off-Highway Vehicle Trust, Winter Recreation, Habitat Conservation, and State Park Contingent funds, as well as the general obligation park bonds listed above. Public Resources Code (PRC) Section 5010 requires all fees and revenues received by the Department to be deposited into SPRF, which is then appropriated to DPR in the budget. SPRF includes fees from day use and camping, concession rents, and other fees (revenues from state recreational vehicle areas are deposited into the Off-Highway Vehicle Trust Fund).

Figure 1 shows that since FY 1991-92, Support spending grew fairly steadily in nominal dollars, with peaks in FY 2001-02 and in FY 2006-07 that coincided with a flush economy and an abundance of General Fund. In total, Support expenditures increased by 169 percent from \$144 million in FY 1991-92 to \$387.9 million in FY 2011-12—a record high for Support spending. During the same period, the state park system increased nearly 20 percent in size from 1.3 million to 1.6 million acres, although the number of park units held steady at 279.

After adjusting for inflation,<sup>†</sup> however, a different picture emerges. DPR's combined Support expenditures increased by 40 percent between 1991 and 2011 in constant dollar terms.

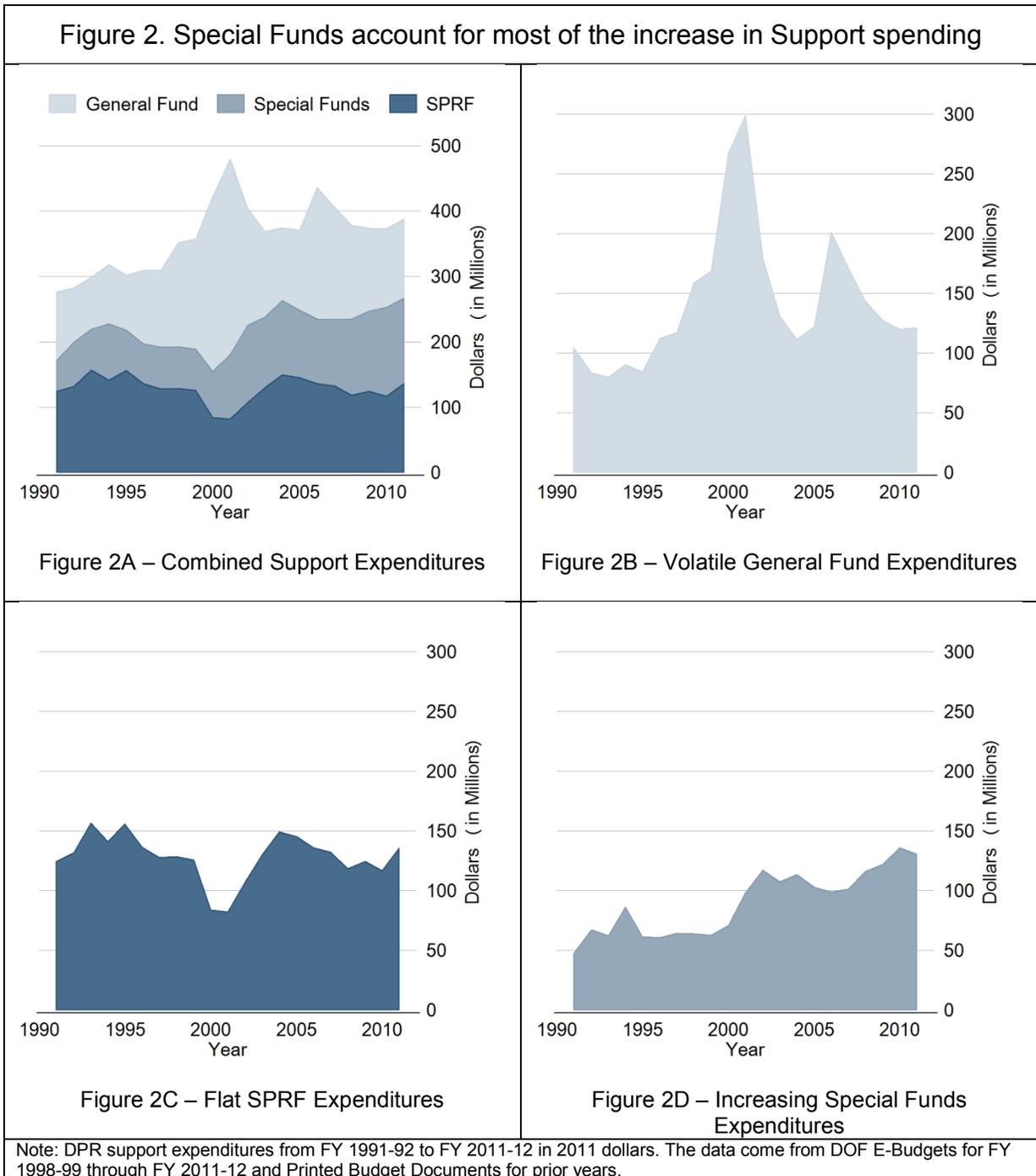
As shown in Figure 2A, the composition of DPR's Support budget shifted. Reliance on Special Funds increased from 17 percent to 34 percent, while the General Fund portion

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\* General Fund has not been used for Capital Outlay since 2004, and prior to that year only small amounts were used for Capital Outlay, but not enough to affect the outcomes of this analysis. General Fund is not used for Local Assistance with the exception of occasional specific appropriations for individual projects.

<sup>†</sup> We adjust for inflation by dividing each fiscal year's budget by the average Implicit Price Deflator for State and Local Government Consumption Expenditures and Gross Investments for the given year. The resulting series is measured in constant 2011 dollars. The index is maintained by the U.S. Department of Commerce Bureau of Economic Analysis and measures changes in the prices of goods and services commonly purchased by state and local governments.

shrank from 38 percent to 31 percent (it was as high as 63 percent in FY 2000-01), and SPRF declined from 45 percent to 35 percent of Support.\*



As seen in Figures 2A and 2B, General Fund was the most volatile source of funding. Trends in the economy are evident in the steep peaks and declines in FY 2001-02 and in

\* Data from the Legislative Analyst’s Office (LAO) confirms these results. See the Technical Appendix.

FY 2006-07, when DPR's General Fund rose and fell in step with other Natural Resources Agency departments.<sup>\*</sup> As California struggled with a persistent budget deficit, Special Funds became a more significant portion of the funding for state parks. Nonetheless, as shown in Figure 2B, the inflation-adjusted growth in General Fund expenditures since FY 1991-92 was 16 percent, or an annual average increase of 0.7 percent.<sup>†</sup>

According to a budget update document from DPR, General Fund declined from a high of 90 percent in FY 1979-80 to 29 percent in the proposed FY 2012-13 budget. In DPR's words, "this change has made us ever more dependent on revenues we earn ourselves (as opposed to broad public support from the General Fund). Put another way, this change has made Parks more of an enterprise organization and less of a traditionally funded state department...."<sup>‡</sup> However, data from the Department of Finance show that over the past 20 years, SPRF shrank from 45 percent to 35 percent of Support, although in nominal dollars the amount more than doubled during this period from \$65 million to \$136 million. SPRF has grown the least of the funding sources, which suggests that the benefits of a more entrepreneurial state park system are yet to be realized.<sup>§</sup>

Figure 2C shows that after adjusting for inflation, SPRF grew from \$124.5 million to \$136 million over the last 20 years. This is an average annual increase of 0.4 percent, or 9 percent overall—less than the inflation adjusted increase in General Fund. SPRF spending declined between FY 2006-07 and FY 2010-11, though it increased in FY 2011-12.

Figure 2D shows that Special Funds drove the growth in the Support budget. In nominal dollars, Special Funds increased from \$24.8 million in FY 1991-92 to \$130.6 million in FY 2011-12—an increase of 428 percent. In inflation-adjusted dollars, Special Funds spending increased 175 percent since FY 1991-92.

As shown in Figure 3, however, most of the growth in Special Funds comes from the Off-Highway Vehicle (OHV) Trust Fund component of the Support budget. The OHV Trust Fund is restricted to the operation of the eight State Vehicle Recreational Areas (SVRAs) of the state park system.<sup>\*\*</sup> The amount of OHV Trust Fund in the Support budget grew 184

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<sup>\*</sup> During the downturns, other Natural Resources Agency departments experienced similar declines in General Fund. However, other departments have seen an increase in General Fund since 2007, while DPR's General Fund continues to decrease. See the Technical Appendix for additional information.

<sup>†</sup> This report calculates the differences between FY 1991-92 and FY 2011-12, and imputes the rate of change in DPR's Support budget to increase smoothly from one year to the next. We calculate the "annual average increase" using the compound annual growth rate which reflects the theoretical yearly increase had budgets/revenues grown equally between 1991 and 2011. This method minimizes the effect of year-to-year volatility.

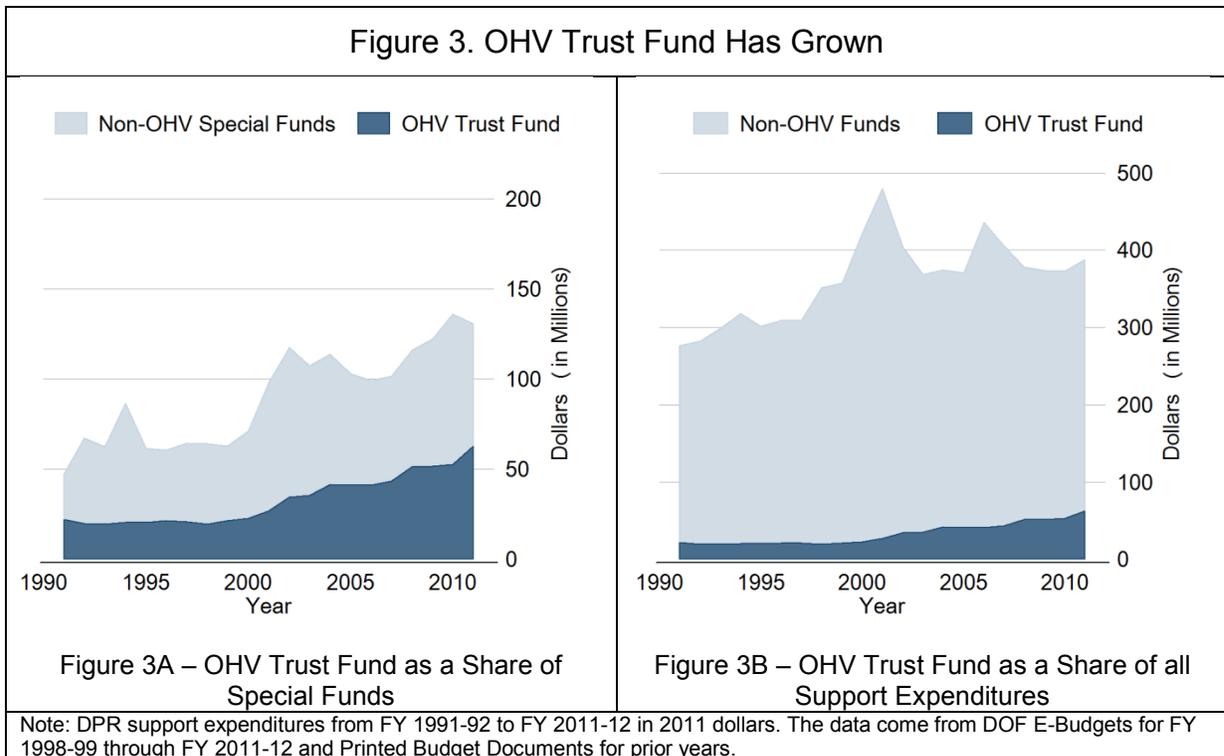
<sup>‡</sup> See DPR Budget Update March 7, 2012 in the Technical Appendix.

<sup>§</sup> In 2012, legislation created a revenue generation program with District revenue targets and incentives (see PRC §5010.6 and §5010.7). PRC §5019.92 required DPR to submit a prioritized action plan to increase revenues and collect user fees by July 1, 2013. These requirements and their implementation will be addressed in a subsequent report in this series.

<sup>\*\*</sup> The Off-Highway Motor Vehicle Recreation Division in DPR operates the eight SVRAs. PRC §5090.32 establishes the duties of the Division. PRC §5090.60 specifies the funds to be deposited annually into the OHV Trust Fund, which includes a percentage of the Motor Vehicle Fuel Account in the Transportation Tax Fund, as well as the green and red sticker fees paid to register off-highway vehicles. Per PRC §5090.61, the Legislature appropriates a portion of the OHV Trust Fund for grants and local assistance programs for OHV recreation, and another portion for the support of the OHV Division, which includes planning, acquisition, development,

percent in real terms from \$11.5 million to \$62.7 million. In FY 2011-12, the OHV Trust Fund comprised almost 50 percent of all Special Funds in the Support budget. Put another way, 16 percent of the Support budget was devoted to operating eight SVRAs, a spending rate of \$581 per acre. The rest of the Support budget yields a spending rate of just over \$216 per-acre for the remaining 271 units of the state park system.\*

Removing the OHV Trust Funds from the Support budget produces a different picture for the trend in funding for the state park system. After adjusting for inflation, and without the OHV Trust Fund, the Support budget grew 28 percent over the last 20 years (with the OHV Trust the growth rate is 40 percent).



Another way to look at the Support budget is by comparing expenditures on Operating Expenses and Equipment (OEE) to expenditures on Personal Services, which includes salaries and benefits. Since FY 1991-92, OEE spending grew more than 350 percent in nominal dollars from \$34.7 million in FY 1991-92 to \$157.7 million in FY 2011-12. At the same time, Personal Services spending grew almost 104 percent in nominal dollars, from \$114.5 million to \$234.2 million.

When adjusted for inflation, as displayed in Figure 4, OEE increased by 137 percent between FY 1991-92 and FY 2011-12, with peaks that coincide with high levels of General Fund in 2001-2003 and 2006-2007. During this time, OEE spending grew from a 24 percent share of the Support budget to roughly 40 percent for the past three years.

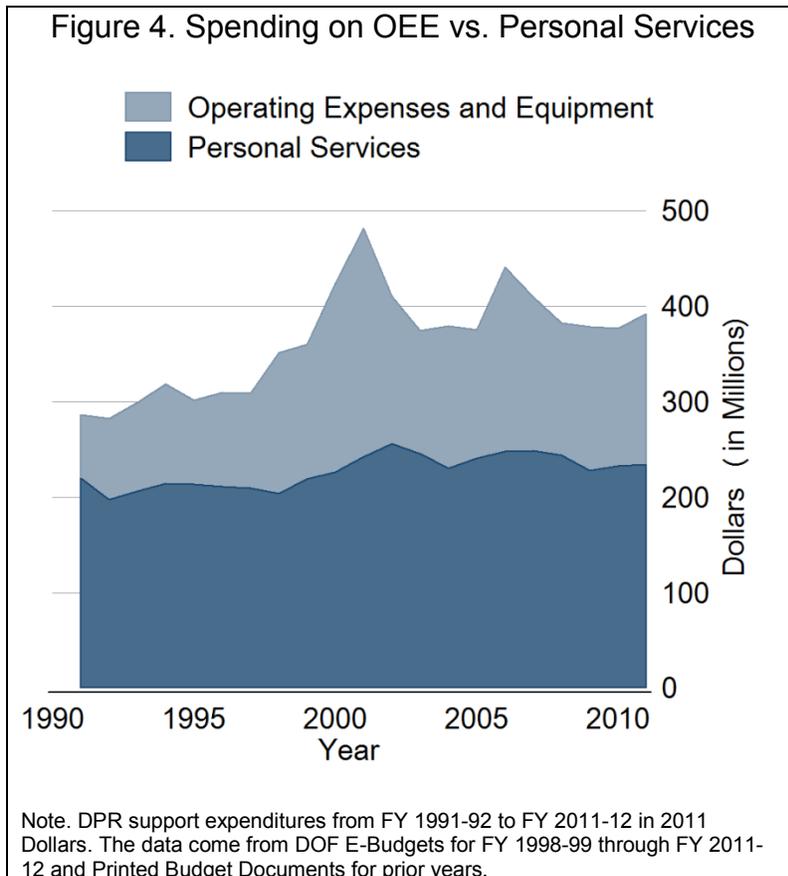
construction, maintenance, administration, operation, restoration, and conservation of lands in the state park system used for OHV recreation. See the Technical Appendix.

\* This would move California from 24<sup>th</sup> to 28<sup>th</sup> in spending per acre compared with other state park systems.

Figure 4 shows that while OEE spending grew, Personal Services expenditures were flat. After adjusting for inflation, spending on Personal Services increased by 6.5 percent over 20 years. However, the number of authorized personnel grew by 26 percent from 2,830 in FY 1991-92 to 3,575 in FY 2011-12. During this time, the number of regular ongoing positions grew from 1,904 to 2,141 (a 12 percent increase), while temporary positions grew from 926 to 1,434 (a 55 percent increase). DPR currently has an 18 percent vacancy rate of regular full-time positions.\* [5, p. 41]

Although spending on OEE increased during the last 20 years, it has not kept pace

with the growing and aging state park system.† According to the budget analysis from the LAO in 2007, DPR estimated its annual need for maintenance of the state park system at \$117 million per year, while the maintenance budget was \$67 million. [8] ‡ At the time, the deferred maintenance backlog was estimated at \$900 million. Recent estimates of the deferred maintenance backlog exceed \$1 billion. [9] Two special appropriations of General Fund in FY 1999-00 (\$157 million) and FY 2005-06 (\$90 million) were spent on deferred maintenance projects. The Legislature appropriated \$32 million of Proposition 84 funds for deferred maintenance. There is no dedicated source of ongoing funding for deferred maintenance.§



\* All departments were required to have salary savings until FY 2012-13. Presumably, DPR used salary savings from vacant positions to supplement OEE, as most other departments have done. Analysis of the degree to which this has occurred is beyond the scope of this report.

† System acreage increased by nearly 20 percent during this time, which presumably increased the annual maintenance costs. Because DPR does not report its costs at the park unit level, it is not possible to estimate the increased maintenance costs of the expansion.

‡ The report noted that bond funds allocated to DPR were used for acquisition and development of the state park system rather than repairs, although some repair projects would be consistent with the requirements of Proposition 84 and general obligation bond law.

§ In its 2007 budget report, the LAO proposed increasing park fees by \$15 million to augment funding for maintenance, noting that “In the past, concerns have been raised about the effects of proposed fee increases on

## A TIMELINE OF GENERAL FUND VOLATILITY

The level of General Fund in DPR's Support budget reflects the condition of California's economy. This section describes how policy choices and economy-driven General Fund volatility over the last dozen years has led to financial distress, threats of park closures and general concerns about Parks management.

In 2000, California experienced a large budget surplus. [10] \* Governor Gray Davis and then-Parks Director Rusty Areias reduced park entrance and camping fees by half. † DPR anticipated that visitation would increase by 15-37 percent, and would exceed 93 million park visitors in FY 2001-02 [11], and that revenues would decline by \$30 million. [12] Actual visitation increased to 85.5 million and revenues from user fees declined by \$31 million [13] (as shown in Figure 2C, the Department's SPRF expenditures dropped 30 percent between 1999 and 2001). At the same time, the *enacted* budget increased General Fund 80 percent from \$66.6 million in FY 1999-00 to \$120.4 million in FY 2000-01, peaking at \$129.5 million in FY 2001-02. The next year, General Fund dropped to \$89 million.

In FY 2005-06, General Fund Support increased again, when the Legislature appropriated \$250 million for deferred maintenance. General Fund expenditures reached another peak of \$175 million in FY 2006-07. However, the following year's budget redacted \$160 million, and General Fund began its steady fall. Although the total Support budget rose to \$387 million in FY 2011-12, higher than the prior peak of \$308 million in FY 2006-07 (which was largely due to the increase in Special Funds to 60 percent of the Support budget), reductions in General Fund led to proposals to close parks. The main events since then are described below:

- **2008.** Governor Schwarzenegger's budget proposed a General Fund reduction of \$13.3 million, elimination of 129 positions, closure of 48 parks, and no seasonal lifeguard services at 16 state beaches. The May revision restored \$11.8 million General Fund and \$1.5 million from "increased fees to keep parks open." [14] The amount of General Fund expended for Support was \$135 million, down from \$157 million in FY 2007-08.
- **2009.** In light of a projected \$24 billion state budget shortage, the May revision eliminated General Fund for DPR and announced that 100 parks were to be closed. Budget negotiations resulted in a General Fund cut of almost \$22 million and service reductions, but no park closures. The amount of General Fund expended for Support was \$120.7 million.

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attendance at the state park system. We find that while park system attendance varies over time, paid attendance to the system does not seem to be very sensitive to changes in park fees..." [8]

\* In 2000, the LAO forecast more than \$10 billion surplus over two years.

† According to the minutes of the State Park and Recreation Commission from February 7, 2001, "Director Areias stated that the fee reduction was one of the cornerstone initiatives of his administration.... The Director called the fee reduction good policy and he stated that the Department had realized a twenty percent increase in attendance at the park units where fees had been reduced. Commissioner Hobbs asked the Director if the public would be willing to accept fee increases in the event of a significant downturn in California's economy. Director Areias answered that one of the challenges that his administration has taken on is to build a strong coalition between the various stakeholder groups of State Parks so that there will be a political price to pay in the future should governments [sic] attempt to balance budgets on the backs of State Parks and park lands in general." [17]

- **2010.** The amount of General Fund expended for Support was \$117.4 million.
- **2011.** Governor Brown’s budget reduced General Fund by \$11 million in FY 2011-12, and called for further reduction of \$11 million in FY 2012-13. Seventy parks were identified to close. The Supplemental Report of the FY 2011-12 Budget required DPR to report its estimated budget on a park-by-park basis.\* AB 42 (Huffman, Chapter 450, Statutes of 2011) authorized DPR to enter into nonprofit operating agreements to avoid park closures. The amount of General Fund expended for Support was \$121.2 million.
- **2012.** Questions arose over selection methodology and cost savings for the 70 parks on the closure list.† An unauthorized leave buyout program was discovered, leading to the dismissal of the DPR chief of administration. Legislation passed creating a Revenue Generation program for DPR. The discovery of \$20 million unreported in SPRF and \$34 million in unreported OHV Trust funds‡ resulted in an investigation by the Attorney General’s Office and several audits. Director Coleman resigned and Governor Brown replaced the executive management team. Legislation passed§ requiring DPR to prepare a prioritized action plan for increasing revenue, stating the Legislature’s policy to create an advisory council to assess DPR, and authorizing \$10 million in matching funds for donor agreements. The amount of General Fund expended for Support was approximately \$110 million.\*\*
- **2013.** The California State Auditor released two reports describing problems with administrative practices at DPR. The Little Hoover Commission released its report recommending extensive restructuring of DPR. The Parks Forward Commission was formed to address the financial, operational, cultural, and population challenges facing State Parks. The Supplemental Report of the FY 2013-14 budget required DPR to provide a report on park-by-park budgets by December 1, 2013, and to submit a state park infrastructure plan report by January 10, 2014. The amount of General Fund enacted for Support was \$116 million.

Because of the political controversy over park closures and advocacy efforts on behalf of state parks, only one park closed in 2012-13 (Providence Mountain State Recreation Area). DPR entered into operating agreements with other government agencies and nonprofit organizations. Communities raised money to donate to DPR to keep their parks open. Concession contracts allowed a few parks to be run by private companies. Service reductions allowed other parks to remain open some of the time. More information about the

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\* DPR did not deliver the report. In 2013, the State Auditor found that the department does not have adequate processes for allocating budgets to districts nor for tracking expenditures efficiently. In addition, “(a)lthough it has developed a process for calculating past expenditures and future costs, the department still does not know how much it costs to operate each park.” [18]

† DPR was unable to produce documentation of the selection process and could not identify the savings from closing the selected parks at Budget Committee hearings in March 2012.

‡ The State Auditor determined that DPR’s under-reporting of OHV funds was not intentional but resulted from the DOF reducing the transfer to the OHV Fund by nearly \$55 million based on pending legislation. “This contributed to a \$33.5 million understatement of the fund balance leading the public to believe that the department was hiding these funds.” [19]

§ AB 1589 (Huffman, Chapter 533, Statutes of 2012) and AB 1478 (Blumenfeld, Chapter 530, Statutes of 2012)

\*\* Projected level of General Fund expenditure from Governor Brown’s January 2013 proposed budget. Final expenditure data is not yet available for FY 2012-13.

41 parks with partnership arrangements can be found on the DPR website [15]. Negotiations are still underway for 25 parks. DPR continues to seek partners to support five parks, including Providence Mountain State Recreation Area.

## Conclusion

Our review of DPR's budget over the last 20 years shows that *total* spending and spending for *support* of the system have increased in real dollars. Most of the increase has come from Special Funds, including the OHV Trust Fund, which is restricted to the Off-Highway Motor Vehicle Recreation Division and its operation of the eight SVRAs. Although General Fund support has been highly volatile, and has declined since FY 2010-11, it increased 16 percent since FY 1991-92 in 2011 dollars. After excluding the OHV Trust Fund, the Support budget for the operation of the 271 parks that constitute the non-OHV state park system grew 28 percent in 2011 dollars from FY 1991-21 to FY 2011-12.

DPR remains under scrutiny since the 2012 revelation of unauthorized vacation buyouts and hidden funds. The State Auditor found problems with administrative practices that have yet to be corrected. Legislators and park supporters have expressed their loss of confidence and frustration with DPR, particularly with regard to the inability to provide the costs of operating individual parks.\* DPR has acknowledged the problems and asserts it will have a new accounting system in place by the end of the calendar year "to help restore trust and accountability to the department." [16] Problems with administrative practices, improper reporting of funds, and the controversy over park closures have eroded confidence in DPR and might have contributed to the recent decline in General Fund support for the park system.

Despite inclusion of a significant amount of park bonds in DPR's budget over the last 10 years, spending on Capital Outlay in the state park system has declined significantly. Spending on maintenance has not kept up with need, and there is no dedicated source of funding for the deferred maintenance backlog. Deferred maintenance now totals \$1.2 billion, not including capital outlay projects, for which the backlog is an additional \$1.8 billion.†

A comparison of California's state park system with other states' systems suggests that there may be room to increase park-generated revenue to improve the financial condition of the system. Although it spends and earns the most money of the 50 states, California's state park

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\* "This discovery uncovers the ultimate betrayal of public trust." Senator Noreen Evans [20]

"California's state parks are among its most precious and beautiful resources. At the very least, they deserve reliable bookkeeping and quality leadership, neither of which they have right now." Assemblymember Beth Gaines [16]

"The audit also shed light on a criticism that emerged in 2011, when Parks and Recreation was courting nonprofits and local governments to take over some of the 70 parks slated for closure. Many of those groups complained that the department could not tell them how much it cost to operate any single park, because its accounting system tracks expenses only at the district level. This greatly complicated those groups' efforts to figure out how much money they had to raise from donors to take over operations and keep a park from closing." [24]

"The failure of the Department of Parks and Recreation to accurately account for its revenues and its failure to disclose balances in special funds has had numerous negative consequences. It has undermined public confidence in the department, it has threatened relationships with donors, local governments, and nonprofits. . . ." [21]

† See Technical Appendix for DPR Deferred Maintenance Fact Sheet, March 2013.

system lags in park-generated revenue on a per-capita and per-acre basis. DPR's past practice has been to lower fees during good economic times, anticipating that General Fund would make up for lower fee revenue. Although visitation remains high, between 60 and 80 million visitors per year, SPRF spending has declined in recent years and contributes proportionally less to the Support budget than it did 20 years ago. Because of the size of California's population and park system, a small increase in per visitor park-generated revenue would result in a large increase in funding. A \$1 per visitor increase could produce an estimated \$70 million more annually for SPRF. An increase of that magnitude would raise California from 27<sup>th</sup> to 14<sup>th</sup> place in per-capita revenue generation compared to other states. It would place California ahead of New York (a state park system similar in size to California's, which earned \$4.55 per capita) in terms of park-generated revenue on a per-capita basis.

States that do better in revenue generation tend to emphasize economic development or recognize fiscal limitations in their mission statements. If DPR is to succeed at its stated goal of "becoming more of an Enterprise organization and less of a traditionally funded state department,"<sup>\*</sup> then it would be appropriate to review and revise the mission, functions, and structure of DPR to determine the changes needed to enable it to achieve this goal. If DPR is successful in implementing the new revenue generation program enacted in 2012, then SPRF will increase, both in total and in proportional share of the Support budget.

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\* See State Parks Update, March 7, 2012, in the Technical Appendix.

# Technical Appendix

## NATIONAL ASSOCIATION OF STATE PARK DIRECTORS DATA

This report uses 2011-12 data about all fifty state park systems to compare California's spending and revenue with other states. The National Association of State Park Directors (NASPD) Annual Information Exchange (AIX) survey, hosted by North Carolina State University, gathers information about inventory, facilities, visitation, expenses, financing, and personnel for all state park units in the United States.

The NASPD data are self-reported. Although reasonably accurate, cross-state comparisons must be done carefully because there is such high variation in the composition, operations, and funding of state park systems. For example, states with smaller parks have different management issues than the large, open expanses of wilderness found in western parks, particularly in California (e.g. Anza Borrego Desert State Park is 600,000 acres, which is larger than 43 state park systems).

The 2010-11 Report is available online at

<http://naspd1.org/dotnetnuke/LinkClick.aspx?fileticket=CfMHJvIqo7Y%3D&tabid=140>

CRB obtained the 2011-12 dataset directly from the principal researcher at North Carolina State University.

Table 3 shows that although California spends the most on its park system, it falls to mid-range in spending on a per-capita and per-acre basis. Similarly, Table 4 shows how California compares with all other states on park-generated revenue. Although California earns the most in total dollars, it falls below mid-range on a per-capita and per-acre basis. As discussed in the text of this report, the reasons for this vary, and include such things as a specific mission focus on economic development or offering a wider range of fee-based activities and programs. The next report in this series will examine these differences more closely.

Table 3. California Lags in Total Support Expenditures

Rank	Total Funds (Dollars)	Total Funds (Per Capita)	Total Funds (Per Park Acre)
1	<b>California (\$387,852,000)</b>	Delaware (\$27.15)	Kentucky (\$1,757.08)
2	New York (\$214,266,000)	Vermont (\$26.10)	Rhode Island (\$1,007.42)
3	Pennsylvania (\$84,839,000)	West Virginia (\$21.47)	Arkansas (\$1,004.03)
4	Tennessee (\$80,893,200)	South Dakota (\$20.75)	Delaware (\$942.35)
5	Florida (\$79,548,288)	Arkansas (\$18.72)	Alabama (\$756.80)
6	Kentucky (\$79,384,672)	Kentucky (\$18.29)	Louisiana (\$677.25)
7	Minnesota (\$76,400,000)	Wyoming (\$15.50)	Mississippi (\$543.23)
8	Texas (\$64,648,040)	Minnesota (\$14.40)	Georgia (\$525.45)
9	Ohio (\$63,783,980)	Oregon (\$13.52)	Washington (\$500.00)
10	Massachusetts (\$61,069,896)	Alaska (\$13.41)	Virginia (\$491.42)
11	Washington (\$59,773,464)	Tennessee (\$12.75)	Oregon (\$477.05)
12	Indiana (\$57,082,052)	Nebraska (\$11.65)	Oklahoma (\$429.00)
13	Michigan (\$55,403,404)	New Hampshire (\$11.56)	Tennessee (\$425.43)
14	Arkansas (\$54,588,900)	New York (\$11.06)	Ohio (\$365.86)
15	Oregon (\$51,813,616)	<b>California (\$10.41)</b>	Kansas (\$364.61)
16	Colorado (\$49,594,912)	Idaho (\$9.97)	Indiana (\$332.95)
17	Georgia (\$48,804,128)	Colorado (\$9.86)	Pennsylvania (\$285.60)
18	Illinois (\$46,682,936)	Utah (\$9.62)	South Carolina (\$280.96)
19	West Virginia (\$39,780,684)	Massachusetts (\$9.33)	Arizona (\$271.89)
20	Alabama (\$36,442,720)	Rhode Island (\$9.07)	North Dakota (\$270.41)
21	Maryland (\$36,035,256)	Washington (\$8.89)	Minnesota (\$268.89)
22	Virginia (\$35,203,888)	Indiana (\$8.80)	Maryland (\$267.84)
23	North Carolina (\$33,764,280)	New Mexico (\$8.75)	Idaho (\$265.29)
24	Oklahoma (\$30,043,524)	Montana (\$8.62)	<b>California (\$242.97)</b>
25	Louisiana (\$29,744,024)	Oklahoma (\$8.01)	Vermont (\$235.54)
26	Missouri (\$28,871,748)	North Dakota (\$7.98)	West Virginia (\$224.58)
27	New Jersey (\$28,609,930)	Alabama (\$7.62)	Hawaii (\$218.48)
28	Utah (\$26,590,130)	Pennsylvania (\$6.68)	Iowa (\$208.64)
29	South Carolina (\$25,333,470)	Louisiana (\$6.56)	Michigan (\$189.27)
30	Delaware (\$24,374,756)	Hawaii (\$6.40)	Montana (\$185.22)
31	Wisconsin (\$23,584,700)	Maryland (\$6.24)	Utah (\$176.38)
32	Nebraska (\$21,279,478)	Maine (\$5.79)	Massachusetts (\$172.57)
33	New Mexico (\$18,027,806)	Michigan (\$5.61)	South Dakota (\$165.76)
34	Connecticut (\$17,756,210)	Ohio (\$5.53)	New York (\$158.53)
35	Arizona (\$17,425,200)	South Carolina (\$5.48)	Nebraska (\$157.06)
36	South Dakota (\$16,898,052)	Georgia (\$5.04)	North Carolina (\$156.75)
37	Vermont (\$16,334,552)	Connecticut (\$4.97)	Wisconsin (\$153.29)
38	Idaho (\$15,631,700)	Iowa (\$4.87)	Missouri (\$141.30)
39	New Hampshire (\$15,224,193)	Missouri (\$4.82)	Florida (\$101.28)
40	Iowa (\$14,830,542)	Mississippi (\$4.50)	Texas (\$101.27)
41	Mississippi (\$13,358,584)	Virginia (\$4.40)	Illinois (\$97.18)
42	Kansas (\$11,995,709)	Florida (\$4.23)	New Mexico (\$91.66)
43	Nevada (\$9,847,764)	Kansas (\$4.20)	Connecticut (\$85.93)
44	Rhode Island (\$9,545,302)	Wisconsin (\$4.15)	Maine (\$78.38)
45	Alaska (\$9,522,870)	Nevada (\$3.65)	Wyoming (\$73.04)
46	Wyoming (\$8,736,145)	Illinois (\$3.64)	Nevada (\$68.06)
47	Hawaii (\$8,700,802)	North Carolina (\$3.54)	New Hampshire (\$65.32)
48	Montana (\$8,526,388)	New Jersey (\$3.25)	New Jersey (\$64.86)
49	Maine (\$7,686,533)	Arizona (\$2.73)	Colorado (\$47.44)
50	North Dakota (\$5,365,427)	Texas (\$2.57)	Alaska (\$2.81)

Source: NAPSD Data, 2011-2012.

Table 4. California Lags in Park Generated Revenue

Rank	Park Revenue (Dollars)	Park Revenue (Per Capita)	Park Revenue (Per Park Acre)
1	<b>California (\$105,965,000)</b>	Delaware (\$15.29)	Kentucky (\$1,098.10)
2	New York (\$88,153,904)	South Dakota (\$13.61)	Alabama (\$624.47)
3	Florida (\$52,512,360)	Vermont (\$12.60)	Delaware (\$530.72)
4	Kentucky (\$49,611,972)	West Virginia (\$12.48)	Arkansas (\$471.91)
5	Indiana (\$47,135,040)	New Hampshire (\$11.56)	Mississippi (\$345.39)
6	Michigan (\$40,948,004)	Kentucky (\$11.43)	Georgia (\$342.20)
7	Tennessee (\$33,600,400)	Arkansas (\$8.80)	Indiana (\$274.93)
8	Georgia (\$31,783,972)	Nebraska (\$7.86)	Virginia (\$254.32)
9	Alabama (\$30,070,556)	Indiana (\$7.27)	South Carolina (\$235.43)
10	Ohio (\$29,591,380)	Utah (\$6.35)	Oklahoma (\$231.79)
11	Arkansas (\$25,657,964)	Alabama (\$6.29)	Washington (\$200.53)
12	Washington (\$23,972,824)	Tennessee (\$5.29)	Kansas (\$188.69)
13	West Virginia (\$23,122,872)	Oregon (\$4.95)	Tennessee (\$176.71)
14	Colorado (\$23,048,096)	South Carolina (\$4.59)	Oregon (\$174.71)
15	South Carolina (\$21,228,140)	Colorado (\$4.58)	Ohio (\$169.73)
16	Pennsylvania (\$20,000,000)	New York (\$4.55)	Arizona (\$148.34)
17	Wisconsin (\$19,935,100)	Oklahoma (\$4.33)	Michigan (\$139.89)
18	Oregon (\$18,976,140)	Montana (\$4.28)	West Virginia (\$130.54)
19	Virginia (\$18,218,900)	Michigan (\$4.14)	Wisconsin (\$129.57)
20	Utah (\$17,544,330)	Idaho (\$4.02)	Utah (\$116.37)
21	Texas (\$16,437,617)	Washington (\$3.56)	Vermont (\$113.67)
22	Oklahoma (\$16,232,247)	Wisconsin (\$3.51)	South Dakota (\$108.69)
23	New Hampshire (\$15,224,193)	Georgia (\$3.28)	Idaho (\$106.85)
24	Minnesota (\$14,392,000)	Alaska (\$3.26)	North Dakota (\$106.17)
25	Nebraska (\$14,349,979)	North Dakota (\$3.13)	Nebraska (\$105.92)
26	Delaware (\$13,727,660)	Mississippi (\$2.86)	Maryland (\$92.36)
27	Maryland (\$12,425,426)	<b>California (\$2.84)</b>	Montana (\$91.90)
28	South Dakota (\$11,079,928)	Florida (\$2.79)	Hawaii (\$91.87)
29	Illinois (\$10,162,917)	New Mexico (\$2.75)	Pennsylvania (\$67.33)
30	Arizona (\$9,506,830)	Minnesota (\$2.71)	Florida (\$66.86)
31	New Jersey (\$9,154,430)	Hawaii (\$2.69)	<b>California (\$66.38)</b>
32	Mississippi (\$8,493,466)	Ohio (\$2.57)	New Hampshire (\$65.32)
33	Vermont (\$7,882,881)	Virginia (\$2.28)	New York (\$65.22)
34	Massachusetts (\$7,358,514)	Kansas (\$2.18)	Iowa (\$59.17)
35	Missouri (\$7,122,262)	Maryland (\$2.15)	Minnesota (\$50.65)
36	North Carolina (\$6,446,732)	Pennsylvania (\$1.57)	Missouri (\$34.86)
37	Idaho (\$6,295,600)	Nevada (\$1.53)	North Carolina (\$29.93)
38	Kansas (\$6,207,887)	Arizona (\$1.49)	New Mexico (\$28.83)
39	New Mexico (\$5,670,028)	Iowa (\$1.38)	Nevada (\$28.52)
40	Montana (\$4,230,472)	Missouri (\$1.19)	Louisiana (\$26.26)
41	Iowa (\$4,205,846)	Massachusetts (\$1.12)	Texas (\$25.75)
42	Nevada (\$4,125,717)	New Jersey (\$1.04)	Colorado (\$22.04)
43	Hawaii (\$3,658,821)	Illinois (\$0.79)	Illinois (\$21.16)
44	Alaska (\$2,316,670)	North Carolina (\$0.68)	Massachusetts (\$20.79)
45	North Dakota (\$2,106,660)	Texas (\$0.65)	New Jersey (\$20.75)
46	Louisiana (\$1,153,205)	Louisiana (\$0.25)	Alaska (\$0.68)
47	Connecticut (\$0)	Connecticut (\$0)	Connecticut (\$0)
47	Maine (\$0)	Maine (\$0)	Maine (\$0)
47	Rhode Island (\$0)	Rhode Island (\$0)	Rhode Island (\$0)
47	Wyoming (\$0)	Wyoming (\$0)	Wyoming (\$0)

Source: NAPSD Data, 2011-2012.

## DEPARTMENT OF FINANCE DATA

This report relies on expenditure data reported annually in the Governor's Budget. Table 5 displays the data in nominal dollars, while Table 6 displays the data adjusted for inflation, in 2011 dollars.

Fiscal Year	Total Expenditures				Support Expenditures by Source			Support Expenditures by Category				General Fund Budget	
	Support	Local Assistance	Capital Outlay	Overall	General Fund	State Parks and Recreation Fund (SPRF)	Special Funds (Excluding SPRF)	Operating Expenses and Equipment	Personal Services	Adjustment	Proposed GF Support (Governor's Budget)	Enacted Budget General Fund Support	
FY 91-92	143,981	59,315	22,912	226,208	54,382	64,840	24,759	34,671	114,552	-5,242	72,690	64,666	
FY 92-93	152,137	30,533	47,892	230,562	45,022	70,962	36,153	45,828	106,309	0,000	54,401	45,955	
FY 93-94	164,408	8,417	69,763	242,588	43,814	86,266	34,328	51,009	113,399	0,000	45,537	43,772	
FY 94-95	180,250	30,738	11,984	222,972	51,170	80,039	49,041	58,696	121,554	0,000	47,832	47,832	
FY 95-96	175,189	28,251	16,408	219,848	49,012	90,512	35,665	51,359	123,830	0,000	47,706	47,961	
FY 96-97	183,531	21,059	17,585	222,175	66,686	80,821	36,024	58,254	125,277	0,000	65,750	65,750	
FY 97-98	186,932	26,105	18,801	231,838	70,823	77,254	38,855	60,457	126,475	0,000	65,164	65,949	
FY 98-99	218,614	34,643	13,578	266,835	98,777	80,014	39,823	91,787	126,827	0,000	63,891	97,995	
FY 99-00	232,981	60,653	23,120	316,754	110,112	81,859	41,010	91,746	142,906	-1,671	65,266	66,676	
FY 00-01	287,334	147,918	90,554	525,806	181,945	57,118	48,271	134,555	153,874	-1,095	79,085	120,439	
FY 01-02	333,542	462,695	170,317	966,554	208,078	57,158	68,306	166,863	168,461	-1,782	137,664	129,537	
FY 02-03	289,702	371,200	84,222	745,124	128,563	76,975	84,164	110,288	183,681	-4,267	112,350	122,524	
FY 03-04	273,833	525,905	90,986	890,724	97,291	96,740	79,802	96,222	182,355	-4,744	89,915	90,115	
FY 04-05	294,818	267,881	79,531	642,230	87,725	117,663	89,430	117,647	181,361	-4,190	82,316	82,316	
FY 05-06	307,644	158,708	63,102	529,454	101,376	120,698	85,570	111,715	199,929	-4,000	100,976	100,976	
FY 06-07	380,400	34,811	32,877	448,088	175,448	118,644	86,308	168,331	216,069	-4,000	112,784	217,784	
FY 07-08	372,053	37,399	54,066	463,518	157,158	121,623	93,272	148,043	228,010	-4,000	150,359	130,359	
FY 08-09	355,951	11,757	23,236	390,944	135,241	111,596	109,114	130,680	229,271	-4,000	150,533	149,124	
FY 09-10	354,600	52,028	14,687	421,315	120,720	118,080	115,800	142,772	215,828	-4,000	145,043	127,788	
FY 10-11	364,548	163,805	36,593	564,946	117,458	114,339	132,751	141,181	227,367	-4,000	140,000	133,097	
FY 11-12	387,852	272,713	15,895	676,460	121,219	136,014	130,619	157,685	234,167	-4,000	118,966	118,690	

Source: DOF E-Budgets for FY 1998-99 through FY 2011-12; Printed Budget Documents for prior years

Table 6. Department of Finance Budget Data, FY 1991-92 to FY 2011-12, in 2011 Dollars (in \$ millions)

Fiscal Year	Total Expenditures				Support Expenditures by Source				Support Expenditures by Category				General Fund Budget	
	Support	Local Assistance	Capital Outlay	Overall	General Fund	State Parks and Recreation Fund (SPRF)	Special Funds (Excluding SPRF)	Operating Expenses and Equipment	Personal Services	Adjustment	Proposed GF Support (Governor's Budget)	Enacted Budget General Fund Support		
FY 91-92	276.475	113.898	43.996	434.369	104.425	124.507	47.543	66.576	219.965	-10.066	139.581	124.173		
FY 92-93	282.590	56.714	88.958	428.261	83.627	131.810	67.153	85.124	197.466	0.000	101.048	85.360		
FY 93-94	298.898	15.302	126.831	441.031	79.655	156.834	62.409	92.736	206.162	0.000	82.787	79.579		
FY 94-95	318.041	54.235	21.145	393.422	90.287	141.224	86.530	103.566	214.475	0.000	84.397	84.397		
FY 95-96	301.955	48.693	28.281	378.929	84.477	156.006	61.472	88.522	213.433	0.000	82.226	82.665		
FY 96-97	309.353	35.496	29.641	374.490	112.403	136.229	60.721	98.191	211.162	0.000	110.826	110.826		
FY 97-98	309.018	43.154	31.080	383.252	117.078	127.709	64.231	99.942	209.076	0.000	107.723	109.020		
FY 98-99	351.450	55.693	21.828	428.972	158.797	128.633	64.021	147.559	203.891	0.000	102.713	157.540		
FY 99-00	357.501	93.070	35.477	486.047	168.963	125.610	62.928	140.781	219.284	-2.564	100.148	102.312		
FY 00-01	422.229	217.361	133.066	772.656	267.363	83.933	70.933	197.724	226.113	-1.609	116.213	176.981		
FY 01-02	479.421	665.060	244.807	1389.288	299.083	82.157	98.180	239.843	242.139	-2.561	197.873	186.192		
FY 02-03	404.208	517.918	117.511	1039.636	179.378	107.400	117.430	153.880	256.281	-5.954	156.757	170.951		
FY 03-04	368.445	707.610	122.422	1198.477	130.906	130.165	107.374	129.468	245.360	-6.383	120.981	121.251		
FY 04-05	374.318	340.118	100.977	815.413	111.381	149.392	113.546	149.372	230.267	-5.320	104.513	104.513		
FY 05-06	370.421	191.094	75.978	637.493	122.063	145.327	103.031	134.511	240.726	-4.816	121.581	121.581		
FY 06-07	436.349	39.931	37.713	513.993	201.253	136.094	99.002	193.089	247.848	-4.588	129.372	249.816		
FY 07-08	405.298	40.741	58.897	504.936	171.201	132.491	101.607	161.272	248.384	-4.357	163.795	142.007		
FY 08-09	378.414	12.499	24.702	415.615	143.776	118.638	116.000	138.927	243.739	-4.252	160.033	158.535		
FY 09-10	374.018	54.877	15.491	444.386	127.331	124.546	122.141	150.590	227.647	-4.219	152.986	134.786		
FY 10-11	372.977	167.593	37.439	578.009	120.174	116.983	135.820	144.445	232.624	-4.092	143.237	136.174		
FY 11-12	387.852	272.713	15.895	676.460	121.219	136.014	130.619	157.685	234.167	-4.000	118.966	118.695		

Source: DOF E-Budgets for FY 1998-99 through FY 2011-12; Printed Budget Documents for prior years

## DPR BUDGET CHANGES, FY 1991-92 TO FY 2011-12

In several places, the report describes changes in DPR's budget in total dollars and in percentages. Table 7 summarizes the changes in DPR's expenditures for all categories described in the report, in both nominal and inflation-adjusted 2011 dollars. Compound annual growth rates (CAGRs) describe the average yearly increase, minimizing the effect of year-to-year fluctuations. Table 8 summarizes the changes in DPR's number of positions and park acreage.

Table 7. Department of Finance Budget Data, FY 1991-92 to FY 2011-12

	Nominal Dollars			2011 Dollars			
	1991 Amount (Millions)	2011 Amount (Millions)	Percentage Change	1991 Amount (Millions)	2011 Amount (Millions)	Percentage Change	Compound Annual Growth Rate
<b>Total Expenditures</b>	\$226.2	\$676.5	199.0%	\$434.4	\$676.5	55.7%	2.2%
State Operations	\$144.0	\$387.9	169.4%	\$276.5	\$387.9	40.3%	1.7%
Capital Outlay	\$22.9	\$15.9	-30.6%	\$44.0	\$15.9	-63.9%	-5.0%
Local Assistance	\$59.3	\$272.7	359.8%	\$113.9	\$272.7	139.4%	4.5%
<b>Support Expenditures by Source</b>							
General Fund	\$54.4	\$121.2	122.9%	\$104.4	\$121.2	16.1%	0.7%
SPRF	\$64.8	\$136.0	109.8%	\$124.5	\$136.0	9.2%	0.4%
Special Funds	\$24.8	\$130.6	427.6%	\$47.5	\$130.6	174.7%	5.2%
<b>Support Expenditures by Category</b>							
Personal Services	\$114.6	\$234.2	104.4%	\$220.0	\$234.2	6.5%	0.3%
Operating Expenses and Equipment	\$34.7	\$157.7	354.8%	\$66.6	\$157.7	136.9%	4.4%
OHV Trust Fund							
OHV Trust Fund	\$11.5	\$62.7	444.9%	\$22.1	\$62.7	183.8%	5.4%
Non-OHV Special Funds	\$13.3	\$67.9	412.5%	\$25.5	\$67.9	166.9%	5.0%
Non-OHV Support Expenditures	\$132.5	\$325.2	145.5%	\$254.4	\$325.2	27.8%	1.2%

Source: DOF E-Budgets for FY 1998-99 through FY 2011-12; Printed Budget Documents for prior years

Table 8. Changes in Positions and Acreage

	1991 Amount	2011 Amount	Percentage Change	Compound Annual Growth Rate
<b>Total Positions</b>	2,830.5	3,575.3	26.3%	1.2%
Regular	1,904.5	2,140.9	12.4%	0.6%
Temporary	926.0	1,434.4	54.9%	2.2%
Park Acreage (in Millions)	1.34	1.60	19.5%	0.9%

Source: DOF E-Budgets for FY 1998-99 through FY 2011-12; Printed Budget Documents for prior years

## ADJUSTING FOR INFLATION

Inflation is the rate at which the prices for an economy's goods and services increase over a period of time. Because the purchasing power of a dollar changes with time, comparisons between DPR's budget in 1991 and that of 2011 can be misleading if not adjusted for inflation. One way to facilitate comparison is to divide the dollar values in a time series by a price index. The most commonly used price index, the Consumer Price Index, measures changes in the average price paid by urban consumers for items like food, housing medical care, and education.

An implicit price deflator for state and local government consumption, which reflects changes in the wages/salaries of government workers and the prices of other typical government purchases, is a more appropriate index when comparing the budgets and revenues of state governments and their departments ([http://www.dof.ca.gov/html/fs\\_data/latestecondata/fs\\_usecpi.php](http://www.dof.ca.gov/html/fs_data/latestecondata/fs_usecpi.php)).

We use the Implicit Price Deflator for State and Local Government Consumption Expenditures and Gross Investments downloaded from the Federal Reserve Bank of St. Louis (<http://research.stlouisfed.org/fred2/series/A829RD3Q086SBEA>) and discussed in more detail on the website for the U.S. Department of Commerce Bureau of Economic Analysis (<http://www.bea.gov/index.htm>).

By dividing the yearly budget data by this index, we can measure items like General Fund spending and SPRF in constant dollars. This inflation adjustment ensures that comparisons between 1991 and 2011 reflect real changes in the purchasing power of DPR's budget.

In summarizing budget and revenue changes between 1991 and 2011, we report compound annual growth rates (CAGRs). CAGR is a term used in business to describe the average yearly increase in an investment if that growth was constant over a given time period. By focusing on the beginning and end of the series, the CAGR minimizes the effect of year-to-year fluctuations. It is calculated in our application as follows:

$$CAGR = \left( \frac{FY\ 2011-12\ Value}{FY\ 1991-92\ Value} \right)^{\frac{1}{20}} - 1$$

## LEGISLATIVE ANALYST’S OFFICE DATA

The Legislative Analyst’s Office (LAO) maintains publicly available budget data ([http://www.lao.ca.gov/laoapp/LAOMenus/lao\\_menu\\_economics.aspx](http://www.lao.ca.gov/laoapp/LAOMenus/lao_menu_economics.aspx)). The data used in this report and the LAO database come from the same source—the California Department of Finance.

The LAO data goes back to FY 1984-85, and confirms this report’s analysis that DPR’s support budget has grown primarily from increasing Special Funds. Going back to FY 1984-85, the shift from General Fund to Special Funds is even more dramatic. In 1984, General Fund was 66.5 percent of the support budget. After adjusting for inflation, General Fund Support spending was higher in FY 1984-85 (\$176.6 million) than in FY 2011-12 (\$121.9 million).

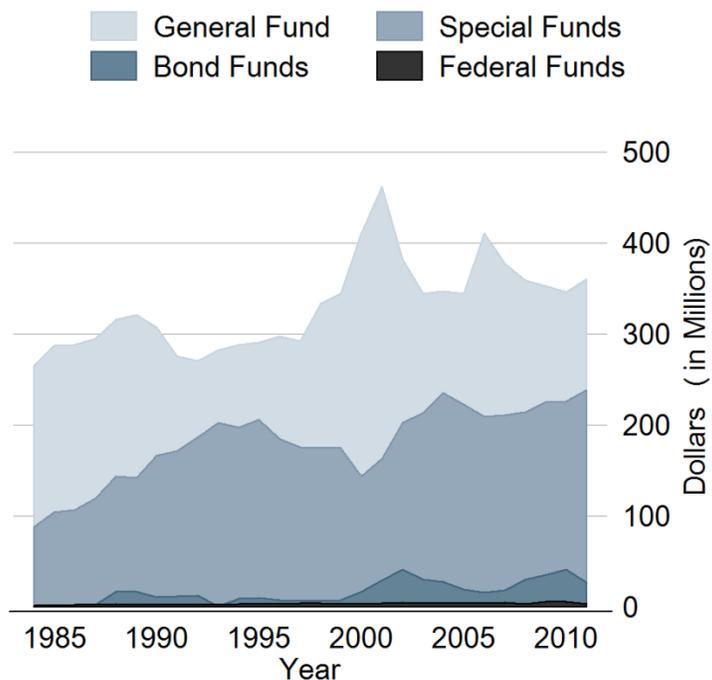
LAO groups the funding sources differently than was done for this report, however, the overall picture is the same. LAO separates Bond Funds and Federal Funds from other Special Funds. In the LAO data, Special Funds includes the OHV Trust and SPRF, which are the two largest special funds, as well as all other small funds such as environmental license plate funds.

This report looked closely at one Special Fund—the State Park and Recreation Fund—as a proxy for park-generated revenue. Consequently, all other funds, including the OHV Trust Fund, bonds, and federal funds, were grouped in this report’s Special Funds category. As shown in Figure 5, federal funds have

constituted less than 3 percent of all Special Funds for DPR over the 1991-2011 period.

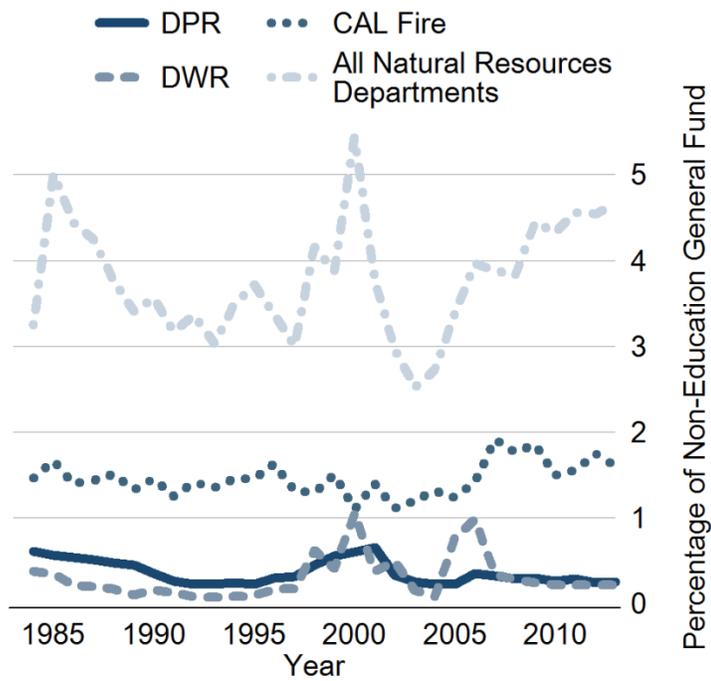
The LAO data also confirm that DPR’s share of General Fund remained fairly stable over the twenty year period analyzed in this report. Figure 6 displays the share of non-education General Fund spending devoted to all Natural Resources Agency departments, as well as the specific shares for DPR, the Department of Water Resources (DWR), and Cal Fire.

Figure 5. LAO data demonstrates similar increase in Special Funds spending



Note: DPR support expenditures from FY 1984-85 to FY 2011-12 in 2011 Dollars. Data come from LAO Historical Expenditures Pivot Table.

Figure 6. Variation in General Fund for DPR compared to other Natural Resource Agency Departments



Note: Natural Resource expenditures. Data come from LAO Historical Expenditures Pivot Table.

## OHV TRUST FUND COMPONENT OF THE SUPPORT BUDGET

As used in this report, Special Funds includes all funds other than the General Fund and State Park and Recreation Fund. Special Funds increased the most during the 20-year period reviewed in this report. They also increased to 45 percent of the Support Budget in FY 2011-12 from 35 percent in FY 1991-92. Most of the growth in Special Funds came from the Off-Highway Vehicle (OHV) Trust Fund component of the Support Budget. OHV funding increased from \$11.5 million in FY 1991-92 to \$62.7 million in 2011-12.

Recent changes to the Off-Highway Motor Vehicle Recreation Program (SB 742, Steinberg, Chapter 541, Statutes of 2007) altered the formula for funding the OHV Trust Fund. In brief, the Fund receives the percentage of the Motor Vehicle Fuel Account attributable to taxes imposed upon motor vehicle fuel used for motorized recreation and motorized off-road access to other recreation. The Fund also receives registration fees from vehicles used in off-highway recreation as well as fees collected at State Vehicle Recreation Areas (SVRAs).

The OHV Trust Fund component of DPR's Support budget pays for the operation of the Off-Highway Motor Vehicle Recreation Division of the state park system, including the OHV Division's share of Headquarters support functions such as human resources and accounting. There are eight SVRAs, which are described in Tables 9 and 10.

Park Name	Acreage		Visitation	Revenue	PY (Reg.)
	CSP-owned	Other			
Carnegie SVRA	5,058	36	80,021	\$270,202	20
Clay Pit SVRA	0	220	18,000	-	3
Prairie City SVRA	1,715	1,071	99,891	\$186,528	14
Twin Cities District					7
Heber Dunes SVRA	342		19,121	\$161	2
Ocotillo Wells SVRA	50,552	20,564	551,490	\$16,330	14
Ocotillo Wells District					22
Hollister Hills SVRA	6,361	262	170,909	\$363,176	19
Hollister Hills District					11
Hungry Valley SVRA	18,533	0	156,482	\$278,257	16
Hungry Valley District					9
Oceano Dunes SVRA	2,493	637	1,682,622	\$1,488,168	
Oceano Dunes District					40
<b>Totals</b>	<b>85,053</b>	<b>22,790</b>	<b>2,778,536</b>	<b>\$2,602,822</b>	<b>177</b>
<b>Combined acreage</b>	<b>107,844</b>				

Note: Data from DPR Annual Statistical Report 2011-12. PY (Reg) stands for Regular Ongoing Person-Year.

Table 10. California State Parks Off Highway Motor Vehicle  
Recreation Division Data 2011-12

	Amount
Support Expenditure OHV Trust Fund	\$62,674,000
Expenditure per acre	\$581.15
Expenditure per visitor	\$22.56
Expenditure per capita (CA)	\$1.65
Revenue per visitor	\$1.14

Note: Data from DPR Annual Statistical Report 2011-12.

## STATE PARKS UPDATE, MARCH 7, 2012

In March 2012, then-Director Ruth Coleman testified before the Senate Budget and Fiscal Review Committee on the budget bill for FY 2012-13. The “State Parks Update” was part of the materials distributed to the Committee. That document is reproduced on the following pages.

In addition to articulating a goal of making DPR more reliant on self-generated revenue, the State Parks Update outlines several changes that were in progress to make the department more entrepreneurial. To date, some of the proposed changes have been implemented or are underway:

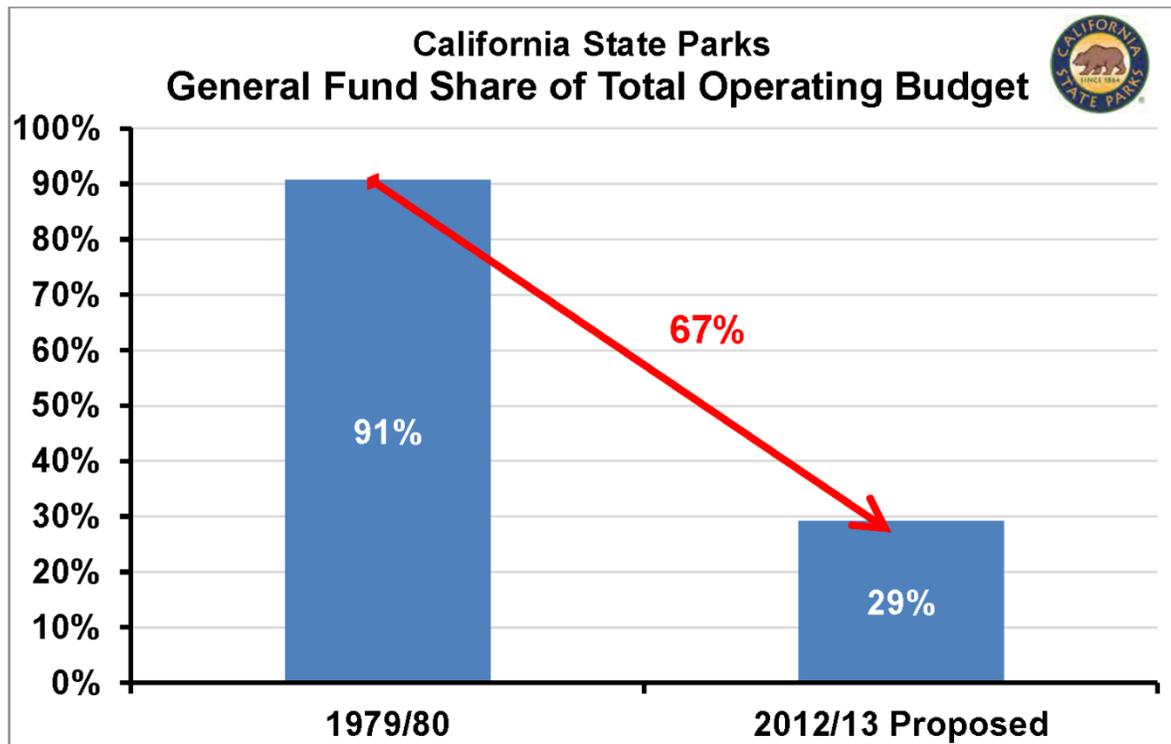
1. **Costs and Revenue Management:** The Pros/CHM Consultants report, “Financial Planning and Cost Efficiency Study,” was completed in August 2013, with recommendations for how DPR could implement the findings. The report is available by contacting DPR.
2. **Revenue Generation Incentives:** Revenue targets and incentives were enacted through the 2012-13 budget and AB 1589 (Huffman, Chapter 533, Statutes of 2012) and AB 1478 (Blumenfeld, Chapter 530, Statutes of 2012).
3. **Building Capacity:** DPR has not yet changed its organizational structure to increase its capacity for business analysis and development. DPR’s “Revenue Generation Prioritized Action Plan” (submitted to the Legislature July 1, 2013) called for creating a California State Parks Marketing and Business Development unit. No timeframe was specified for when this unit would be created or what would be included in its scope of responsibility or authority.
4. **Continuous Appropriation:** As a result of the FY 2012-13 budget bill, SB 1018, DPR has a pilot continuous appropriation of \$4.3 million in the “Incentive Subaccount” of SPRF, to be used for projects that enhance revenue.

The next reports in this series will examine DPR’s fee and concession revenue and the revenue generation program.

## State Parks Update

March 7, 2012

The chart below shows that the General Fund's share of Parks' budget has shrunk from over 90% in 1979/80 (the last budget of the Governor's second term) to 29% in next year's budget (assuming the legislature adopts the Governor's proposal). This change is driving much of what Parks is doing and proposing to do in the coming months and years. In particular, this change has made us ever more dependent on revenues we earn ourselves (as opposed to broad public support from the General Fund). Put another way, this change has made Parks more of an Enterprise organization and less of a traditionally funded state department. Everything that follows should be seen in light of this change.



## Document Three

We're pursuing five related elements as part of an initiative to actively shape our future:

1. **Costs and Revenue Management**: We're hiring a consultant to help us better understand and manage our operations costs. We'll achieve this by first developing business plans for each of our units which will identify our costs and our revenues at the park level. This information will then be used to improve the management of our parks and to identify opportunities to reduce costs and increase revenues.
2. **Revenue Generation Incentives**: Currently, our Districts do not retain any additional revenue that they earn. Instead, the funds get deposited into the State Park and Recreation Fund (SPRF) and get allocated to all Districts. We're working on a system to allow Districts to retain some portion of earned revenues as a way of creating incentives for District Superintendents to pursue revenue generating projects (consistent with our Mission). This will likely include some kind of internal revolving fund as well as accountability measures like revenue targets, etc.
3. **Building Capacity**: To make the revenue generation incentives as effective as possible, we need to build our staff's capacity for business analysis and development. We are considering a range of options in this area including business development officers assigned to Districts, centralized analytical support for the Districts, and changes in our management classes aimed at including business skills into our management ranks. We will work with the administration to bring appropriate proposals forward to the Legislature in the future.
4. **Continuous Appropriation**: With DOF's approval, we've included a proposal in the pending Budget intended to ensure our ability to spend what we earn consistent with being an Enterprise department. This can best be understood by example: currently, our appropriation from SPRF includes \$6 million for water/wastewater projects which we can only spend if we actually earn revenue to cover it. Often, we're not sure of whether we're going to earn those funds until rather late in the fiscal year (April, May or even June) which makes it very difficult, if not impossible, to spend the funds before our authority expires. The continuous appropriation would eliminate this problem.

## STATE PARKS DEFERRED MAINTENANCE UPDATE, MARCH 2013

Figures as of March 2013

### Deferred Maintenance Fact Sheet

- Currently the Department has a Deferred Maintenance backlog (not including Capital Outlay projects) totaling **\$1.2 billion**
- Currently the Department has a backlog of Capital Outlay projects in PID totaling **\$1.8 billion**
- Of the top 50 attended parks in 2013 – Public Health and Safety issues totaling: **\$72 million**
- OHV Deferred Maintenance backlog: **\$12 million**
- There are 8 parks with boating related deferred maintenance needs.

### Funding to Date

- \$45 million General Fund has been allocated for Deferred Maintenance since 1998. (\$250 million was allocated in 2006/07 and \$205 million was taken away in 2007/08)
- \$32 million has been allocated from Proposition 84 since 2007. (\$30 million was allocated in 2007/08, \$12 million in 2008/09 and \$10 million taken away in 2012/13)



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