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Report to the Chairman, Subcommittee on Forests and Forest Health, Committee on Resources, House of Representatives

April 2003

RECREATION FEES

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

GAO-03-470

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Highlights

Highlights of GAO-03-470, a report to the Chairman, Subcommittee on Forests and Forest Health, Committee on Resources, House of Representatives

Why GAO Did This Study

Since 1996, federal land management agencies have collected over $900 million in recreation fees from the public under an experimental initiative called the Recreational Fee Demonstration Program. Under the trial program, the Congress authorized the four federal land management agencies, including the Forest Service, to charge fees to visitors and to retain the revenues for use in addition to other appropriated funds. The Congress originally authorized the program for 3 years and has extended it several times.

As Congress considers whether to extend the program or to make it permanent, the Chairman of the Subcommittee on Forests and Forest Health asked GAO to address several questions about the Forest Service's administration of the program: (1) How are spending priorities determined for the revenues generated by the program? (2) How has the agency spent its fee demonstration program revenues? (3) What, if anything, is the agency doing to measure the impact of the recreation fee revenues on reducing the agency's deferred maintenance backlog? (4) How does the agency account for its fee demonstration program revenues?

www.gao.gov/cgi-bin/getrpt?GAO-03-470.

To view the full report, including the scope and methodology, click on the link above. For more information, contact Barry T. Hill at (202) 512-9775 or hillbt@gao.gov.

What GAO Found

The Forest Service largely determines its spending priorities for the Recreational Fee Demonstration Program through local forest managers who are given broad discretion in deciding how to use fee demonstration revenues. Local managers are expected to establish spending priorities consistent with general program guidance provided by Forest Service headquarters. This guidance advises local forest managers to spend fee demonstration revenues on needs that have been identified by forest visitors.

On the basis of priorities identified by local users, the Forest Service has spent fee demonstration revenues on a wide range of projects at national forests throughout the country. The legislation authorizing the fee demonstration program permitted all the participating agencies to spend fee revenues on certain categories of activities to increase the quality of the visitor experience and enhance the protection of resources. GAO reviewed the activities of nine demonstration sites in three Forest Service regions to verify that the fee revenues were being spent in accordance with the authorizing legislation for the program and agency spending priorities. GAO found no inconsistency.

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

The Forest Service keeps its fee revenue in an account separate from other appropriated funds, as required by the authorizing fee program legislation. Although the Forest Service tracks its fee revenues and expenditures separately from other appropriated funds, it does not accurately account for some fee collection costs.

The Forest Service, in commenting on a draft of this report, generally agreed with the report's contents.

Cleanup of an Illegal Trash Dump in the San Bernardino National Forest Using Recreational Fee Demonstration Program Revenues

Source: Forest Service.

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Accountability * Integrity * Reliability

United States General Accounting Office
Washington, D.C. 20548

April 25, 2003

The Honorable Scott McInnis
Chairman, Subcommittee on Forests
and Forest Health
Committee on Resources
House of Representatives

Dear Mr. Chairman:

Since 1996, federal land management agencies have collected over $900 million in recreation fees from the public under an experimental initiative called the Recreational Fee Demonstration Program. Under the trial program, the Congress authorized the four federal land management agencies—the National Park Service, the Fish and Wildlife Service, and the Bureau of Land Management, all within the Department of the Interior, and the Forest Service, within the Department of Agriculture—to charge fees to visitors and to retain the revenues for use in addition to other appropriated funds. The Congress originally authorized the program for 3 years and has extended it four times. The authority to collect these fees currently expires at the end of fiscal year 2004. The Congress is now considering whether it should extend the program a fifth time or whether it should make the program permanent. Central to the debate is how effectively the land management agencies are using the hundreds of millions of dollars that the recreation fees have provided them.

The legislation authorizing the Recreational Fee Demonstration Program encouraged the land management agencies to experiment with new fees and fee structures for recreational activities and directed them to use the fee revenues to increase the quality of the visitor experience and to enhance the protection of natural, historic, and cultural resources. The agencies were given authority to use fee revenues for a broad array of activities. The agencies must set aside at least 80 percent of the revenues collected under the program for the sites that collected the fees. By allowing the field sites to retain such a large percentage of the fees collected, the Congress created a powerful incentive for these sites to generate enough revenues to visibly improve conditions in the areas they managed. According to the program's legislative history, the Congress believed that such local improvements would enhance visitor acceptance of the new fees.

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

While our analysis focused on the Forest Service, to provide some perspective, we also obtained some information on how the National Park Service manages its fee demonstration program since it generates, by far, the largest amount of fee revenue. Specifically, where significant differences exist between the two agencies, we provide contrasting information. Together, the Forest Service and the Park Service collect over 90 percent of the fees under the Recreational Fee Demonstration Program. In fiscal year 2001, the Forest Service collected $35 million in fees; the Park Service collected $126 million.

Further, as our work progressed, you asked us to respond to additional questions about specific aspects of the Recreational Fee Demonstration Program. These questions and our responses to them are included as appendix I of this report. The scope and methodology used in our analysis is included as appendix II.

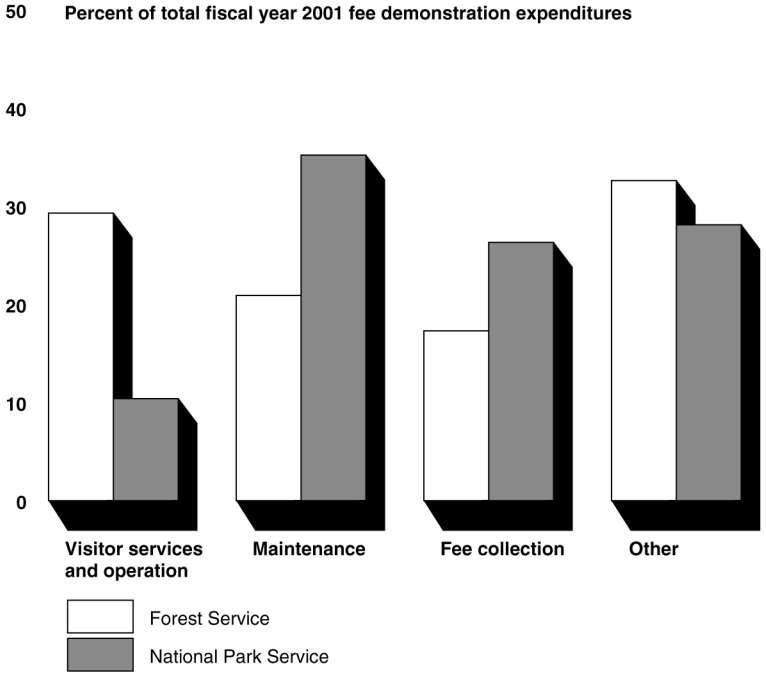
Results in Brief

Spending priorities for the Recreational Fee Demonstration Program are largely determined by local forest managers who are given broad discretion in deciding how to use fee demonstration revenues. Local managers are expected to establish spending priorities consistent with general program

guidance provided by Forest Service headquarters. This guidance advises local forest managers to spend fee demonstration revenues on needs that have been identified by forest visitors. The guidance also emphasizes a preference for maintaining existing facilities such as restrooms and visitor centers and discourages forest managers from initiating new construction projects. In the Forest Service, local forest managers retain between 90 and 100 percent of the fee demonstration revenue at the sites where fees are collected. In contrast, local National Park Service managers retain 80 percent of fee revenues at collecting sites, with the remaining 20 percent going to other sites that have high-priority needs.

On the basis of priorities identified by local users, the Forest Service has spent fee demonstration revenues on a wide range of projects at national forests throughout the country. Based on the most recent Forest Service data available, in fiscal year 2001, the agency spent 29 percent of its fee demonstration revenue expenditures on visitor services and operations, including trash collection, campfire programs, and visitor satisfaction surveys; 21 percent on maintenance of facilities, such as repairing comfort stations and fixing roofs; and 17 percent on fee collection. The remaining 33 percent was spent on such activities as enhancing facilities, protecting resources, and enforcing laws. The legislation authorizing the fee demonstration program permitted the participating agencies to spend fee revenues on all of these kinds of on-site activities as long as the expenditures contributed to enhancing the visitor experience or helped protect, preserve, or enhance resources. We reviewed the activities of nine demonstration sites in three different regions to verify that the fee revenues were actually being spent in accordance with the authorizing legislation for the program and agency spending priorities. We found no inconsistency. However, we did find that the Forest Service does not provide consistent information on where fee revenue is being spent. At each of the sites we reviewed, officials told us that deciding which category a particular expenditure falls into is a subjective judgment that is not necessarily consistent among sites. For example, the repair of an aging restroom facility could be categorized as either "maintenance," or a facility enhancement that could fall into the "other" category. As shown in figure 1, the National Park Service's fee demonstration expenditures reflect greater emphasis on maintenance and fee collection activities compared to the Forest Service.

Figure 1: Forest Service and National Park Service Fiscal Year 2001 Fee Demonstration Expenditures by Category



Source: GAO analysis of Forest Service and National Park Service data.

The Forest Service does not have a process for measuring the impact of fee demonstration expenditures on reducing the deferred maintenance backlog. According to the Forest Service, the agency does not track the extent to which fee demonstration expenditures have been used for deferred maintenance for a number of reasons including the temporary nature of the program and because the agency is not required by the fee program legislation to measure the impact of fee demonstration revenues on deferred maintenance. Further, while acknowledging that it has a significant deferred maintenance problem, the agency has not developed a reliable estimate of its deferred maintenance needs. In contrast, the National Park Service has placed a higher priority on addressing its deferred maintenance needs with revenues from the fee demonstration program. In fiscal year 2001, the Park Service began to track the extent to which it has used fee demonstration revenues to address its multi-billion dollar deferred maintenance backlog. During that year, the Park Service spent about 35 percent of its fee demonstration revenues on maintenance

activities. Since the program began, agency officials estimate that about 70 percent of its fee demonstration expenditures have been for deferred maintenance activities ($274 million out of $395 million). However, like the Forest Service, the Park Service has not yet developed a reliable estimate of its deferred maintenance needs.

The Forest Service keeps its fee demonstration revenue in two different Treasury accounts separate from its other appropriated funds, as required by the authorizing fee program legislation. Eighty percent of its fee revenues are maintained in an account for expenditure without further appropriation at the site where the fees were collected and 20 percent of its fee revenues in another account for expenditure on an agencywide basis without further appropriation. Although the Forest Service tracks its fee revenues and expenditures separately from other appropriated funds, it does not accurately account for some fee collection costs. Specifically, the Forest Service does not report total revenues and fee collection costs related to discounts that vendors receive for selling recreation passes directly to the public. The National Park Service has established a similar account structure to comply with the Recreational Fee Demonstration Program requirements.

We received comments from the U.S. Department of Agriculture and the Department of the Interior on a draft of this report. The U.S. Department of Agriculture generally agreed with the report's contents. Interior did not offer overall comments on the report. Both departments provided us with clarifying and technical comments that we incorporated into the report as appropriate. Comments from the U.S. Department of Agriculture are included in appendix III and comments from the Department of the Interior are included in appendix IV.

Background

The Forest Service is responsible for managing over 192 million acres of public lands in the United States. In carrying out its responsibilities, the Forest Service traditionally has been a decentralized organization, in which its programs are administered through 9 regional offices, 155 national forests, and over 600 ranger districts (each forest has several districts).

The Forest Service implemented the Recreational Fee Demonstration Program in fiscal year 1996 with four demonstration sites that generated $43,000 during the year.[1] The program has steadily grown over the past 5 years and covers 87 sites, in 80 national forests, that generated over $35 million in fiscal year 2001. A demonstration site may consist of an individual forest; a group of forests, such as the National Forests in Texas; or a specific area or activity within a forest, such as Mount St. Helens National Volcanic Monument in the Gifford Pinchot National Forest in Washington.

Local Forest Service Officials Determine Spending Priorities

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

In the three Forest Service regions that we visited, local forest managers told us that they establish priorities on the basis of visitor desires through such methods as obtaining comment cards that are received from visitors, using universities to conduct visitor surveys, and using local user groups, associations, and regional boards.[2] According to these officials, visitors

[1] The Forest Service refers to fee demonstration sites as projects. Throughout this report, we refer to them as sites. Under the original Recreational Fee Demonstration Program legislation, no fewer than 10 but up to 50 sites per agency were permitted to charge, collect, and establish recreation fees (Pub. L. No. 104-134, tit. III, § 315(1996)). In fiscal year 1997 appropriations, Congress increased the number of authorized sites per agency to 100 (Pub. L. No. 104-208, tit. III, § 319 (1996)). In fiscal year 2002 appropriations, the Congress eliminated the 100 demonstration sites per agency limitation (Pub. L. No. 107-63, tit. III, § 312 (b)(2001)).

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

desire that spending priorities should address such things as health and safety needs, maintenance needs, and improved visitor services, such as interpretative services.

Further, local forest managers told us that visitors expect that fee demonstration revenues be retained and used at the sites where fees are collected. In this regard, the Forest Service has committed to retaining almost all fee demonstration revenues at the collection sites—between 90 and 100 percent of fee revenues collected are to be retained and used at the collection site. In regions 5 and 8 (the Pacific Southwest and Southern regions) that we visited, 95 percent of fee revenues are retained and used at the collecting site and in region 6 (the Pacific Northwest), 92 percent of fee revenues are retained on site. The portion of fee revenues that are not retained on site is used by the regional offices for a variety of program-related activities like providing new demonstration projects with start-up money, providing fee demonstration signs and brochures, regional pass sales, and for marketing activities.

In contrast to the Forest Service, the National Park Service permits demonstration sites to retain no more than 80 percent of the fee revenue collected. The Park Service requires that the remaining 20 percent of fee revenues be used for addressing high-priority needs at other lower-revenue fee demonstration sites, at park units that do not participate in the fee demonstration program, or for servicewide priorities, such as funding youth groups to work on national park projects. In terms of program priorities, the Park Service emphasizes that local managers focus on addressing deferred maintenance and critical resources protection needs.

The Forest Service Has Spent Most Revenues on a Wide Range of Activities at the Sites Where the Fees Are Collected

As permitted by the authorizing legislation for the Recreational Fee Demonstration Program, the Forest Service has spent fee revenues on a wide range of projects. Our analysis at a sample of sites participating in the fee demonstration program revealed that fee revenue was being spent for activities that were consistent with the legislation authorizing the program and the agency's spending priorities. On the national level, the most recently available information indicates that about one half of the fee revenues were being spent for visitor services and maintenance activities. However, because the agency relies on subjective determinations by local forest managers to categorize its expenditures, these determinations are not consistent among sites. Accordingly, the accuracy of program-wide information depicting the amounts of fee revenues spent for various categories is questionable. In contrast to the Forest Service, the National

Park Service uses a larger portion of its fee demonstration expenditures on collecting fees and addressing its maintenance needs and less for visitor services.

Forest Service Expenditures Emphasize Maintaining Existing Facilities and Providing Visitor Services

The Congress provided the Forest Service and the other land management agencies broad authority in deciding how to spend fee demonstration revenues. The 1996 authorizing legislation for the program[3] directed the agencies to spend fee revenues to "…increase the quality of the visitor experience at public recreational areas and enhance the protection of resources." This legislation permitted the agencies to spend fee demonstration revenues in the following areas: backlogged repair and maintenance projects (including projects related to health and safety), interpretation, signage, habitat or facility enhancement, resource preservation, annual operation (including fee collection), maintenance, and law enforcement relating to the public use of lands.

For fiscal year 2001, the Forest Service reported that it collected about $35 million in fees and spent about $29.3 million. As shown in table 1, the Forest Service spent the fee revenues on a wide range of activities, as allowed by the legislation that authorized the program. The Forest Service spent about half of their fee revenues in two categories: visitor services and operations and maintenance.

[3] Omnibus Consolidated Rescissions and Appropriations Act of 1996, Pub. L. No. 104-134, tit. III, § 315(c)(3).

Table 1: Forest Service Fee Demonstration Expenditures in Fiscal Year 2001

Dollars in thousands

Expenditure category[a]	Types of activities included in expenditure category	Fee demonstration expenditures	Percent of total expenditures
Visitor Services and Operations	Routine incidental costs like mowing, trash collections, and toilet pumping	$8,566	29
Maintenance	Repair or replacement of worn assets such as toilets, roofs, and trails; includes projects related to health and safety and backlogged maintenance[b]	6,101	21
Cost of Collection	Direct fee collections costs including fee collections and non-payment enforcement	5,051	17
Interpretation and Signing	Delivering interpretation and information to visitors such as interpretive programs and tours	3,859	13
Facility Enhancement	Enhancement of existing facilities such as new building, trail, or picnic table construction	3,365	12
Security and Enforcement	Enforcement of laws and regulations such as protection of facilities, visitors, and natural and cultural resources	1,164	4
Resource Preservation and Enhancement	Resource and habitat restoration, enhancement and preservation, such as landscaping and wildlife fencing	911	3
Other	Includes interagency transfers and other miscellaneous expenditures	238	1
Total		**$29,255**	**100**

Source: GAO analysis of Forest Service data.

[a]In fiscal year 2002, the Forest Service combined health and safety expenditures into the maintenance category and habitat enhancement expenditures into the resource preservation and enhancement category. We used these combined categories for reporting the fiscal year 2001 expenditures.

[b]Backlogged or deferred maintenance expenditures may also be categorized under categories other than maintenance.

To get some indication whether the Forest Service is spending the fee revenues consistent with the authorizing legislation and agency priorities and to verify that projects were being completed, we reviewed the activities of a sample of demonstration sites in the three Forest Service regions that have generated the most fee demonstration revenues. The three regions we visited were region 5, the Pacific Southwest, generating $5.7 million; region 6, the Pacific Northwest, generating $5.7 million; and region 8, the Southern Region, generating $6.1 million in fiscal year 2001. Collectively, the three regions represent 58 percent of total fee demonstration revenues generated by the Forest Service in fiscal year 2001. In each of the three regions, we selected three fee demonstration sites, as shown in table 2. Our site selection criteria were the same for each region.

Specifically, we selected a site that generated the most fee revenues, a site that had the least fee revenues, and of the remaining sites in each region, the one that had the least fee revenue per visitor.

Table 2: Revenues and Visitation Data and Reason for Selecting Demonstration Sites GAO Visited

Dollars in thousands

Region/sites visited[a]	State	Fiscal year 2001 revenues	Fiscal year 2001 visitation	Reason for selection
5—Pacific Southwest				
• Shasta-Trinity National Forests (Shasta-Trinity National Recreation Area)	California	$1,407	3,550	Highest revenue
• Klamath National Forest	California	37	21	Lowest revenue
• Enterprise Forest Project[b]	California	3,105	15,245	Lowest revenue per visitor
6—Pacific Northwest				
• Gifford Pinchot National Forest (Mount St. Helens National Volcanic Monument)	Washington	1,285	635	Highest revenue
• Colville National Forest	Washington	15	6	Lowest revenue
• Columbia River Gorge National Scenic Area (Multnomah Falls)	Washington & Oregon	384	1,982	Lowest revenue per visitor
8—Southern				
• North Carolina National Forests	North Carolina	1,103	982	Highest revenue
• Kisatchie National Forest	Louisiana	103	344	Lowest revenue
• Texas National Forests	Texas	175	2,500	Lowest revenue per visitor

Source: GAO analysis based on Forest Service data.

[a]We did not make an on-site visit to the Kisatchie National Forest site because the site was closed due to a hurricane at the time we were conducting our fieldwork. We did, however, obtain appropriate supporting documentation from the site manager.

[b]The Enterprise Forest project covers four national forests in Southern California. Revenues in each of these four forests—Angeles, Cleveland, Los Padres, and San Bernardino Forests—do not exceed the revenue generated at Shasta-Trinity National Forests. The Enterprise Forest site generated the lowest revenues per visitor. We visited the Angeles and San Bernardino National Forests.

Based on our review and on-site observations at the selected sites, we found that the fee revenues were spent consistent with the legislative authority provided for the program and with spending priorities set by the agency. The following paragraphs illustrate the types of projects that were being funded with fee demonstration revenues at the sites we visited.

Projects at Sites Having Relatively High Amounts of Fee Revenue

The three sites having relatively high amounts of fee revenue generally had popular destination attractions for visitors. At these sites, fee revenues

were spent on projects geared toward enhancing the overall visitor experience. For example:

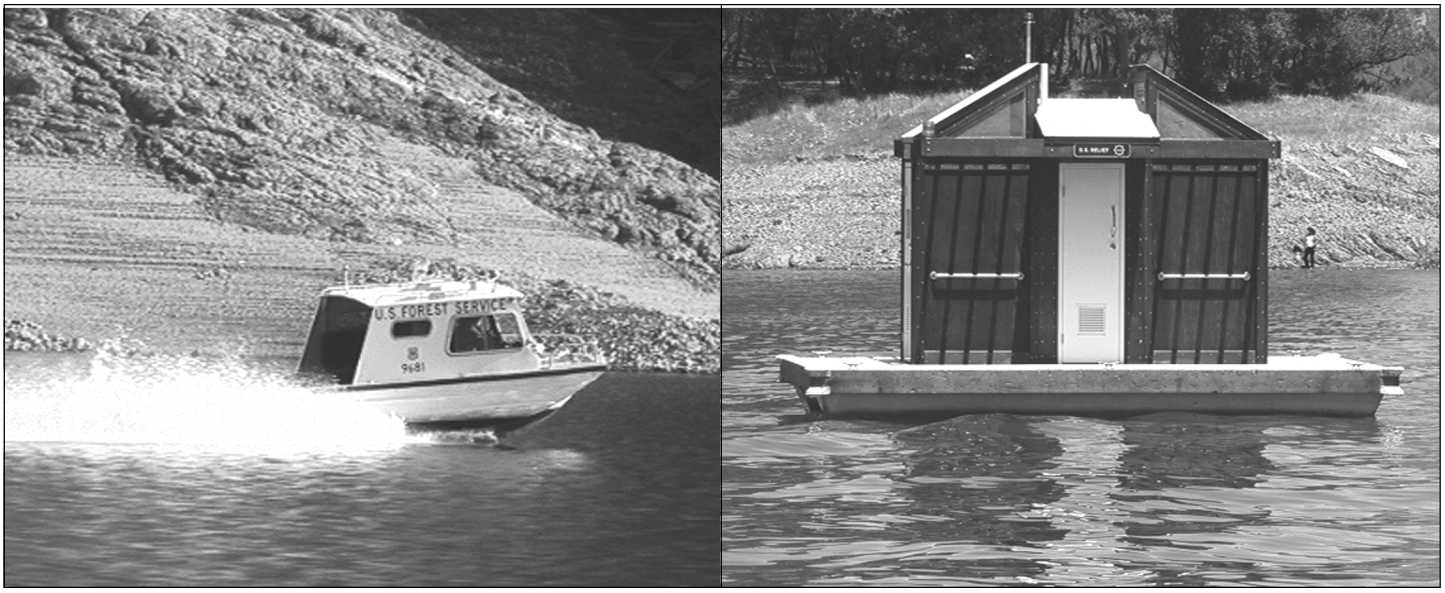
- The Nantahala River Gorge, one of the sites in the National Forests of North Carolina fee demonstration project, is a world-class whitewater river that attracts about 250,000 people annually. In fiscal year 2001, the site generated about $208,000 in fee revenues through user fees and special use permits for commercial outfitters. During that year, the site spent over $292,000 in fee revenues, which included revenues generated from prior years. Nantahala Gorge officials spent most of their fee revenues to upgrade or enhance facilities for serving visitors. For example, they spent about $150,000 by providing handicap accessibility, improving visitor safety, and eliminating erosion and sedimentation of the Nantahala River by constructing a concrete surface for launching boats and rafts on the river. The following figure shows the enhanced boat-launching area.

Figure 2: Enhancement of Boat Launching Area along the Nantahala River

Source: Forest Service.

- The Shasta Trinity National Recreation Area demonstration site, located in northern California, generated in fiscal year 2001 about $1.1 million fee revenues through special use permit fees for over 700 privately-owned house boats and 55 recreation facilities such as resorts, docks, marinas, and organized camps on Shasta Lake and Trinity Lake. Site managers spent over $514,000 in fee revenues in fiscal year 2001. Most of the expenditures were for maintenance, enhancing facilities, and visitor services. The expenditures included regular cleaning and maintenance of the floating restrooms, increasing the number of portable restrooms and dumpsters available for visitors, installing floating directional signs and underwater obstacle markers for boaters, providing bear-proof food lockers, increasing the frequency of safety patrols on the lake, and expanding staffing and hours of operation at the visitor center. Figure 3 shows some examples of these projects.

Figure 3: Increased Lake Patrols and Maintenance of Floating Restrooms at Shasta-Trinity National Recreation Area



Source: Forest Service.

Projects at Sites Having Relatively Low Amounts of Fee Revenue

The three sites that we visited that had relatively low amounts of fee revenues were generally located away from urban areas.[4] These sites had fewer visitors and fewer visitor needs than the high revenue sites. Their expenditures focused on maintaining existing facilities and providing basic visitor services. The following examples illustrate the types of expenditures at these sites.

- The Klamath National Forest in northern California collects fee revenues through fees charged at 15 of 36 campgrounds in the forest. The Klamath National Forest collected over $37,000 in fiscal year 2001, the first year of the fee program in this forest. They did not report any expenditures until fiscal year 2002. Their spending was limited in fiscal year 2002 because they were asked to defer spending on projects and acquisitions to help ensure that the Forest Service had enough money to carry out fire suppression activities.[5] In fiscal year 2002, the site spent only $1,740 to replace four decaying picnic tables at a campground.

- The Kisatchie National Forest, in Louisiana, collects fee revenues from 31 recreational sites, including 12 campgrounds and 12 day-use sites. The Kisatchie National Forest generated over $103,000 and spent about $58,000 in fee revenue during fiscal year 2001. They spent most of their fee revenues on fee collections, facility enhancements, and maintenance, including such things as repairing or replacing water and sewer lines, reconstructing trails, constructing handicap-accessible walkways and restrooms, and acquiring fire rings, cooking grills, and picnic tables to improve campground services.

Projects at Sites Having Relatively Heavy Visitor Use and Low Amount of Revenue

The sites that had large numbers of visitors, but relatively small amounts of revenue were generally located near major metropolitan areas. As a result, these sites typically spent their fee revenues managing the impacts of visitors. The following examples illustrate the types of expenditures at these sites.

- The Angeles and San Bernardino National Forests are two of the four forests that are part of the Enterprise Forest fee demonstration site that

[4] We did not make an on-site visit to the Kisatchie National Forest site because the site was closed because of a hurricane at the time we were conducting our fieldwork. We did, however, obtain documentation from the site manager on each of our review objectives.

[5] See appendix I for a discussion of transferring funds from the Forest Service recreation programs for supplementing wildfire suppression activities.

received over 15 million visitors during fiscal year 2001. The Angeles and San Bernardino National Forests are both located within a 2-hour drive of metropolitan Los Angeles. They generate most of their fee revenues through a recreation use fee called the Adventure Pass.[6] In fiscal year 2001, the Angeles National Forest generated about $1.3 million and spent over $737,000, and the San Bernardino National Forest generated about $920,000 and spent over $832,000 in expenditures. Both the Angeles and San Bernardino National Forests spent about 80 percent of its fiscal year 2001 revenue for providing visitor services and maintaining operations, maintenance of facilities, and for providing interpretative services. At the Angeles National Forest, these expenditures included such things as providing more public restrooms, including crew expenses to clean and maintain them, and for renting portable toilets. At the San Bernardino National Forest, fee revenues were spent on new interpretative programs for visitors, maintaining trails, and improving forest operations, including removing refuse from illegal trash dumps, as shown below.

Figure 4: Cleanup of an Illegal Trash Dump in San Bernardino National Forest

Source: Forest Service.

- Multnomah Falls, located within 30 miles of Portland, Oregon, is one of the most popular attractions in the Columbia River Gorge National

[6] The Adventure Pass is a vehicle-parking pass that is required to be displayed on vehicles while occupants are recreating on the four urban national forests in Southern California.

Scenic Area. This site receives nearly 2 million visitors per year. Visitors are not charged a fee at Multnomah Falls. Instead, the site gets its fee revenue by retaining a portion of the special use permit fees from a private concessionaire that runs the Multnomah Falls Lodge. The Lodge is located at the entrance to the falls and serves as a visitor center that sells food and souvenirs to visitors. In fiscal year 2001, the Columbia River Gorge National Scenic Area generated about $220,800. It spent $290,000 from current and prior year fee revenues, of which nearly 90 percent was spent on visitor services and operations. More than half of these expenditures were for a contract to operate a wastewater treatment plant for the Multnomah Falls Lodge, as shown in the following figure. Most of the remaining expenditures were spent on staffing and operating the visitor center at the lodge.

Figure 5: Wastewater Treatment Plant at Multnomah Falls

Source: Forest Service.

Forest Service Information on Fee Demonstration Expenditure Is Not Consistently Reported

To promote accountability for using fee demonstration funds, the House Committee on Appropriations directed the Forest Service, along with the other federal agencies participating in the fee Demonstration Program, to jointly prepare an annual report on the Recreational Fee Demonstration Program.[7] Among other things, this report provides the Congress with information on the amount of fee demonstration revenues collected and how they are spent. The Forest Service compiles this data from the local fee program managers across the nation. However, we found that the information that the Forest Service provides on categorizing expenditures is not consistently reported. First, the fee program managers do not allocate their expenditures into the spending categories in a systematic manner. Second, the Forest Service fee revenue expenditure reporting categories overlap.

The Forest Service reports its fee demonstration expenditures using spending categories largely corresponding to those identified in the legislation authorizing the demonstration program. These categories are visitor services and operations, maintenance, interpretation and signing, facility enhancement, resource preservation and enhancement, security and enforcement, and cost of collection. However, the Forest Service officials stated that their accounting system is not set up to track expenditures into these categories. Local fee program managers, who compile the fee revenue expenditure data, use various methods to record their expenditures. At the sites we visited, we found that local managers relied on a variety of financial information sources such as project work plans and job code summary reports, as well as reviewing bills and receipts, as a basis for allocating their expenditures into the reporting categories. Further, one manager stated that he also interviewed his staff on work performed and the time they devoted to various tasks to estimate the amount of fee revenues spent in each reporting category. Accordingly, in the absence of forest managers having a consistent and systematic method for tracking and recording the expenditure amounts by spending category, the accuracy of the spending information in the agency's annual report is questionable.

[7] H. R. Rep. No. 105-163 (1997).

Another concern affecting the spending information in the agency's annual report is the subjectivity of the spending categories themselves. Despite headquarters guidance that attempts to define the kinds of activities that should be included in each spending category, officials at seven of the nine demonstration sites that we visited told us that deciding which reporting category a particular expenditure falls into involves making a judgment that is not necessarily consistent among sites.[8] For example, when an aging restroom needs extensive repairs, it may be more cost effective to build a new facility to replace it. In this situation, the expenditures for building a new facility can be reported as a "maintenance" expense, or as a "facility enhancement" expense. In either instance, the expenditure is consistent with the types of expenditures authorized under the program. However, deciding under which expenditure category is reported is a judgment of the site manager. Similarly, expenditures for fee enforcement activities and fee collections may also be reported inconsistently. For example, we found that some sites we visited reported fee enforcement activities as part of their "cost of collections." However, other sites reported fee enforcement activities as part of their expenditures for "security and enforcement." These inconsistencies further affect the consistency of the Forest Service's reporting of where fee revenues are actually spent.

According to Forest Service program officials, the agency is reluctant to invest in a new system that would more accurately categorize expenditures because further categorization of expenditures is not required by legislation, nor have the agencies participating in the fee demonstration program been asked by the Congress to do so.

In commenting on a draft of this report, the Forest Service noted that it chose to create seven expenditure categories to track those identified in the legislation as a means of reporting accomplishments to the Congress. To help ensure that fee demonstration expenditures are consistently reported, the Forest Service also said that it will re-examine its reporting procedures and consider using broader categories that are used by the Department of the Interior agencies.

[8] The other two demonstration sites did not have any expenditures during fiscal year 2001.

National Park Service Fee Expenditures Emphasize Maintenance and Fee Collection

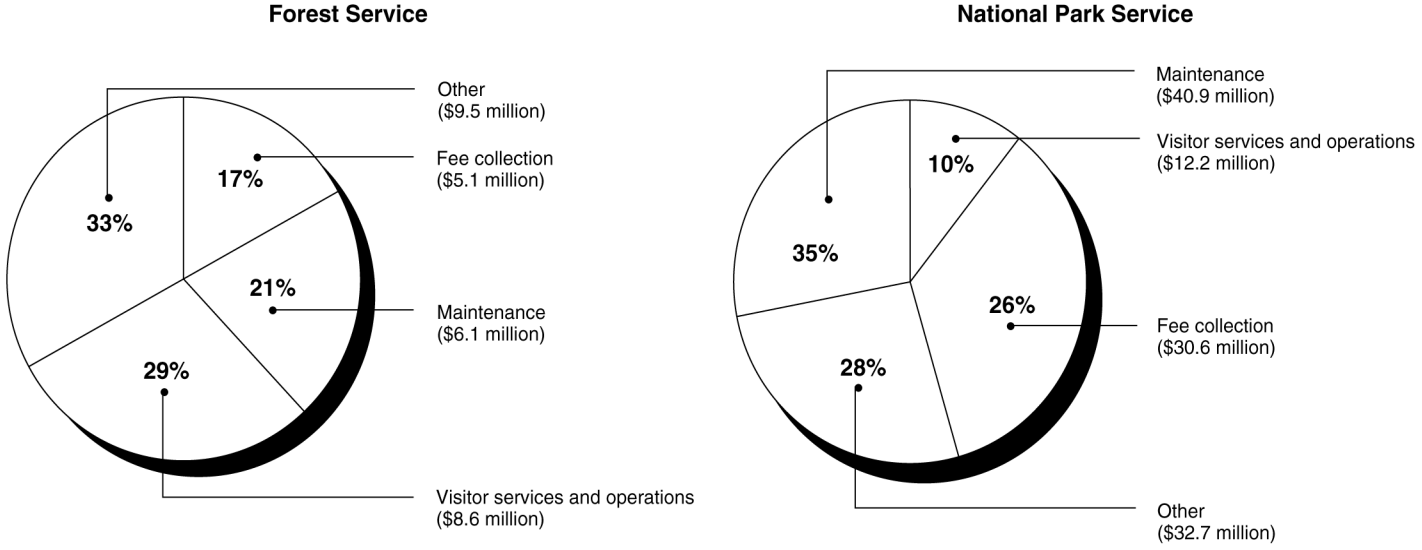
Compared to the Forest Service, the National Park Service spent relatively more of its fee demonstration expenditures on maintenance and fee collection activities.[9] In fiscal year 2001, the Forest Service spent about $29 million and the National Park Service spent about $116 million of its fee demonstration revenues.[10] The National Park Service spent about 35 percent of its fiscal year 2001 fee demonstration expenditures on maintenance activities. In contrast, the Forest Service spent about 21 percent of its expenditures in this area. The Park Service spent about 26 percent of its fee expenditures on fee collection activities compared to about 17 percent in the Forest Service. About 10 percent of the Park Service's fee demonstration expenditures were used on visitor services, such as interpretation exhibits and services, compared to 29 percent for the Forest Service. The Park Service spent the remaining 28 percent on such other activities as protecting natural and cultural resources compared to 33 percent for the Forest Service.

The following figure graphically portrays the spending emphasis of the two agencies.

[9] In making this comparison, we combined several of the reporting categories for these two agencies in order to report similar categories. As a result, the percentage shown in the "Other" category appears large. Also, we refer to the Park Service's "health and safety maintenance" expenditures as "maintenance."

[10] Total fiscal year 2001 fee demonstration revenues for the Forest Service and Park Service were about $35 million and about $126 million (excluding $14 million in National Park Passport revenue), respectively.

Figure 6: Comparison of Forest Service and National Park Service Fiscal Year 2001 Fee Demonstration Expenditures



Source: GAO analysis of Forest Service and National Park Service data.

Note: The percentages for the National Park Service do not add up to 100 due to rounding.

In commenting on a draft of this report, the Forest Service noted that compared to the National Park Service, the Forest Service expends more fee demonstration expenditures on visitor services and less on maintenance because unlike the Park Service, many Forest Service sites with high visitation near metropolitan areas lack the infrastructure that might require deferred maintenance. Additionally, the Forest Service noted that its expenditures reflect the agency's guidance to local forest managers to spend fee demonstration revenues on needs that have been identified by forest visitors.

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

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

know if its total deferred maintenance needs are being reduced. While the Park Service also does not have a reliable estimate of its deferred maintenance needs, it has placed a higher priority on addressing this problem and has begun to track the amount of fee revenues that are being used for deferred maintenance.

The Forest Service Does Not Track Fee Expenditures That Address Deferred Maintenance Needs

The legislation authorizing the Recreational Fee Demonstration Program permits the Forest Service and the other participating agencies to spend fee revenues on deferred maintenance needs. In fact, at each of the locations we visited, the site managers told us that they were using a portion of fee revenues to do a variety of projects that addressed deferred maintenance needs. Those projects included such things as replacing worn and rotted picnic tables at a campground in Klamath National Forest in California, fixing eroded and deteriorated hiking trails in the Nantahala Gorge in the North Carolina National Forest, and replacing deteriorating restrooms in Kisatchie National Forest in Louisiana. Figure 7 shows before and after pictures of a rehabilitated trail at the Nantahala River Gorge.

Figure 7: Before and After Pictures of a Rehabilitated Trail at the Nantahala River Gorge

Source: Forest Service.

However, even though the Forest Service is spending a portion of its fee revenues in this area, the agency does not specifically track how much it spent on deferred maintenance. So, expenditures like the trail maintenance at Nantahala Gorge are reported as a "resource preservation and enhancement expenditure." Because the Forest Service uses this approach, the amount of agency expenditures for deferred maintenance cannot be determined nor can the agency determine whether the backlog of deferred maintenance needs is being reduced.

Forest Service officials told us that there are a number of reasons why the agency has not developed a process to track deferred maintenance expenditures from fee demonstration revenues. First, the agency chose to use its fee demonstration revenue to improve and enhance on-site visitor services rather than to invest its fee demonstration revenues for developing and implementing a system for tracking deferred maintenance spending. Second, the fee demonstration program is temporary and it is unclear at this time whether the Congress will make the program permanent. As a result, agency officials said that this uncertainty makes them question the wisdom of developing an additional process for tracking deferred maintenance. Finally, the agency was not required by the fee program legislation to measure the impact of fee revenues on deferred maintenance. They have chosen not to do so.

The Forest Service Has a Significant Deferred Maintenance Problem

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

However, in March 1999, the Department of Agriculture's Inspector General testified that the Forest Service did not have a reliable estimate of the amount of its deferred maintenance backlog. Further, the Inspector General pointed out that the agency had no system or systematic way to compile the information needed to provide managers or Congress with reliable estimates.[11] Although the Forest Service has since implemented an initiative to help gather and develop better information on the amount of its deferred maintenance backlog, the findings of the Inspector General's report are still valid. Forest Service officials acknowledge that they are still in the process of developing a reliable estimate of the agency's deferred maintenance backlog. Accordingly, even if the Forest Service collected

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

specific information on the amount of fee revenue being used to address deferred maintenance needs, the agency would not know if its total deferred maintenance needs are being reduced.

The National Park Service Has Placed a Higher Priority on Addressing Deferred Maintenance Needs

Since the fee demonstration program began, the Congress and the current administration have encouraged the National Park Service to place a priority on spending fee demonstration revenues to help reduce its multi-billion dollar deferred maintenance backlog. Our review of the Park Service's guidance to on-site park managers showed that the agency has emphasized that fee demonstration revenues should be spent on deferred maintenance projects. In fiscal year 2001, the Park Service began to track the amount of fee revenues used for addressing deferred maintenance needs. During that year, the Park Service spent about 35 percent of its fee demonstration expenditures on maintenance activities. Since the program began, agency officials estimate that about 70 percent of its fee demonstration expenditures have been for deferred maintenance activities ($274 million out of $395 million).[12,13]

However, while the agency is now tracking its deferred maintenance expenditures, like the Forest Service, the Park Service has not yet developed a reliable estimate of its total deferred maintenance backlog. As reported by us, the Department of Interior's Inspector General, and others,[14] the Park Service has had longstanding difficulties in developing an accurate and reliable estimate of the amount of deferred maintenance on its assets. In 2002, we reviewed the status of the Park Service's efforts to develop better deferred maintenance data.[15] At that time, the agency was just beginning to implement a new asset management process that should,

[12] Recreational Fee Demonstration Program: Interim Report to Congress submitted by the U.S. Department of the Interior and the U.S. Department of Agriculture; April 2002.

[13] It should be noted that deferred maintenance expenditures include projects such as resource preservation and visitor services.

[14] U.S. General Accounting Office, *National Park Service: Efforts to Identify and Manage the Maintenance Backlog*, GAO/RCED-98-143 (Washington, D.C.: May 14, 1998). U.S. Department of the Interior, Office of Inspector General, *Followup of Maintenance Activities*, National Park Service, 98-I-344 (Washington, D.C.: Mar. 1998). U.S. Department of the Interior, Interior Planning, Design and Construction Council, *Facilities Maintenance Assessment and Recommendations* (Washington, D.C.: Feb. 1998).

[15] U.S. General Accounting Office, *National Park Service: Status of Efforts to Develop Better Deferred Maintenance Data*, GAO-02-568R (Washington, D.C.: Apr. 12, 2002).

when fully and properly implemented, provide a systematic and reliable methodology for estimating the amount of deferred maintenance needs throughout the national park system.

The Forest Service Accounts for Its Fee Demonstration Program Revenues and Expenditures Separately from Other Funds but Does Not Accurately Account for Some Fee Collection Costs

The federal agencies participating in the Recreational Fee Demonstration Program are required by the authorizing legislation to maintain fee revenues in separate Treasury accounts and to account for fee expenditures separately from other appropriated funds. Consistent with this requirement, the Forest Service accounts for its fee revenues and expenditures separately from other appropriated funds, even when using fee demonstration revenues along with other appropriated funds. The National Park Service also tracks its fee demonstration funds apart from its other appropriated funds as required by law. Although the Forest Service generally tracks its fee revenues and expenditures separately from other appropriated funds, it does not accurately account for some fee collection costs.

The Forest Service Separately Accounts for Its Fee Demonstration Revenues and Expenditures

The authorizing legislation for the fee demonstration program requires the participating federal agencies to maintain fee revenues in separate Treasury accounts and to account for fee expenditures separately from other appropriated fund expenditures. The Forest Service is required to maintain its fee revenues in two separate Treasury accounts—80 percent of its fee revenues are maintained in an account for expenditure without further appropriation at the site where the fees were collected and 20 percent of its fee revenues in another account for expenditure on an agencywide basis without further appropriation. The Forest Service appropriately maintains its fee revenues in separate Treasury accounts and tracks expenditures separately from other appropriated funds. The Forest Service officials generally follow the same recording and spending procedures for its fee demonstration funds that they use for other appropriated funds. In particular, agency officials ensure they have proper authority before spending the fee revenues and that they do not spend over the amount of resources available.[16]

[16] The Anti-Deficiency Act prohibits expenditures and obligations that exceed the amounts available in the related appropriation or fund accounts.

While the Forest Service accounts for fee revenue and expenditures separate from other appropriated funds, it can and does use fee revenues along with other appropriated funds to complete projects. For example, officials at the Gifford Pinchot National Forest used a combination of fee demonstration revenues and other appropriated funds to replace a bridge on the Pacific Crest National Scenic Trail in 2001. For this project, agency officials separately accounted for revenues and expenditures from the fee demonstration program from the other appropriated funding sources.

The National Park Service, like the Forest Service, also accounts for fee demonstration funds separately from its other appropriated funds. Park Service officials stated that the funds in the fee demonstration program accounts are also deposited with the U.S. Treasury and are separately accounted for when used with other appropriated funds to complete projects.

Forest Service Does Not Accurately Account for Some Fee Collection Costs

In the Pacific Southwest and the Pacific Northwest regions, the Forest Service uses vendors to help sell some forest passes directly to the public. The Forest Service uses vendors in order to increase convenience for the visiting public and to save agency administration costs. As payment for a vendor's services, the Forest Service allows the vendor to retain a certain percentage of the value of the pass, which the Forest Service refers to as a discount.[17] These vendor discounts are one part of the total fee collection costs for the Forest Service. The Forest Service may use up to 15 percent of the current year fee collections to cover fee collection costs in that fiscal year.

Forest Service officials in the Pacific Southwest and Pacific Northwest regions did not record the vendor discount and did not count vendor discounts as part of their fee collection costs. Although the Forest Services accounting system should capture all revenues and expenses, program officials were not aware at the time the system was developed that vendor discounts should have been captured. Forest officials at the locations where this was occurring could not tell us the total amount of vendor discounts that the agency has permitted. Excluding vendor discounts from the cost of collection is also inconsistent with federal financial accounting

[17] These discounts are incentives or commissions to vendors for handling and selling the passes.

standards and the U.S. Department of Agriculture financial manual.[18] These standards require that total revenues and expenses be reported.

The Forest Service practice of allowing vendor discounts results in inaccurate fee revenue and expenditure reporting. Because the vendor retains the discount rather than the Forest Service first collecting all fee revenues and then paying the vendor out of these revenues, the amount of fee revenues that the forest receives is reduced. In addition, the vendor discounts are not included as part of fee collection costs. Thus, both fee revenues and fee collection costs are underreported. Because of inaccurate reporting of fee revenues and collection costs, the Forest Service has no assurance that it is in compliance with the recreational fee demonstration legislation requirement only allowing 15 percent of fee revenues to be used for fee collection costs.

For example, at the San Bernardino and Angeles National Forests, private vendors receive a handling fee of $1.00 for every $5.00 daily pass sold. For illustration purposes, consider the following scenario. If these two forests sell 1,000 daily $5 passes in 1 year they should have $5,000 in reported fee revenues. If they pay the vendor $1 for each $5 pass, they should have fee collection costs associated with the vendor's services of $1,000. In contrast, the Forest Service's practice of not reporting vendor discounts would result in only $4,000 in reported fee revenues and no reported fee collection costs associated with the vendor's services. For the two forests in our example, both of which are in the Enterprise Forest project, nearly 20 percent of fee revenues were used to cover fee collection costs in fiscal year 2001. If this occurs at multiple recreation sites, there is a risk that the Forest Service would exceed the statutory limitation that not more than 15 percent of total revenues be used for fee collection costs. The practice of not reporting vendor discounts as part of fee collection costs makes it difficult to determine compliance with the statutory limitation.

The Forest Service agrees that vendor discount expenses are not fully disclosed and as a result collections are understated. According to the Forest Service, however, its use of vendors is limited and thus represents a relatively small portion of expenditures.

[18] Statement of Federal Financial Accounting Standards No. 4 (Managerial Cost Accounting Concepts and Standards for the Federal Government) and No. 7 (Accounting for Revenue and Other Financing Sources) and the USDA Financial and Accounting Standards Manual, March 17, 2000; section 12.51.1.9.

In commenting on a draft of this report, the Forest Service stated that it is preparing accounting instructions for the field, and it plans to implement a new procedure in the immediate future to record the revenue deposited into the U.S. Treasury and use an accounting mechanism that would indicate the foregone revenue and "cost of collection" associated with the discount.

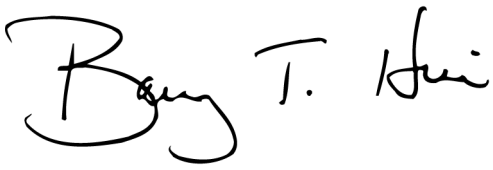
Agency Comments

We provided the U.S. Department of Agriculture and the Department of the Interior copies of a draft of this report. The U.S. Department of Agriculture generally agreed with the contents in the report. Interior did not offer overall comments on the report. Both departments provided us with clarifying and technical comments that we incorporated into the report as appropriate. Comments from the U.S. Department of Agriculture are included in appendix III and comments from the Department of the Interior are included in appendix IV.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after the date of this letter. At that time, we will send copies to the Secretary of Agriculture; the Secretary of the Interior; the Chief of the Forest Service; Director, National Park Service; the Director, Office of Management and Budget; and other interested parties. We will make copies available to others upon request. This report will also be available on GAO's home page at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-3841. Key contributors to this report were Cliff Fowler, Frank Kovalak, Patricia Rennie, Jason Venner, Amy Webbink, and Arvin Wu.

Sincerely yours,



Barry T. Hill
Director, Natural Resources
and Environment

Answers to Additional Subcommittee Questions

Subsequent to completing our fieldwork during this review, the Subcommittee on Forests and Forest Health asked us additional questions about specific aspects of the Recreational Fee Demonstration Program. To address these additional questions, we requested the Forest Service fee demonstration program manager to respond to the specific questions and to provide relevant supporting documentation. We reviewed the supporting documentation to determine if it was consistent with our knowledge of the program and it supported agency statements made in response to the issues being questioned. A summary of the Forest Service's responses follows.

Question 1: Since the implementation of the Recreational Fee Demonstration Program in fiscal year 1996, how much money was transferred from the Forest Service recreation program, including the fee demonstration program, to fund wildfire suppression and emergency rehabilitation activities?

Since fiscal year 1996, the Forest Service has transferred $38 million from its recreation program to fund wildfire suppression and emergency rehabilitation activities. All of the recreation program funds transferred occurred in fiscal year 2002. In that year, the agency transferred over $900 million from a variety of Forest Service appropriation accounts. The $38 million dollars transferred from the recreation program was a portion of the total amount transferred. More specifically, the agency transferred $24 million from its recreation appropriation and $14 million from the Recreational Fee Demonstration Program. The $24 million came from two recreation accounts--$9 million from an account called Recreation, Heritage, and Wilderness Resources, and $15 million from an account for capital improvements and maintenance for trials. The remaining $14 million that was transferred from the fee demonstration program came from an unobligated balance of about $34 million that existed at the end of fiscal year 2002. According to the fee demonstration program manager, the fee revenues were the last tier of funds to be transferred for 2002 fire suppression activities. All funds transferred from the fee demonstration program were replenished when the Congress enacted the fiscal year 2003 appropriations for the Forest Service.

Question 2(a): Have congressional appropriations for the Forest Service recreation programs been reduced since the implementation of the Recreational Fee Demonstration Program?

Congressional appropriations for the Forest Service recreation programs have not declined since the start of the Recreational Fee Demonstration Program in 1996. The following table shows the general increase in recreation appropriations and fee demonstration program revenues since 1996.

Table 3: Amount of Forest Service Recreation Programs' Appropriations and Its Recreational Fee Demonstration Program Revenues, Fiscal Years 1996-2002

Dollars in millions

	Fiscal Year						
	1996	1997	1998	1999	2000	2001	2002
Recreation appropriations[a]	$267	$281	$277	$293	$301	$363	$390
Fee demonstration revenues	0[b]	9	21	27	32	35	38

Source: GAO analysis of Forest Service data.

[a]Includes appropriations for the Forest Service trails and facilities maintenance, reconstruction, and capital improvements; recreation, heritage, and wilderness program. Excludes recreation fee collections and fee demonstration revenue.

[b]The Forest Service implemented the Recreational Fee Demonstration Program in fiscal year 1996 with four demonstration sites that generated $43,000 during the year.

Question 2(b): Has the agency itself reduced the operating budgets of recreation programs since the implementation of the fee demonstration program?

The implementation of the Recreational Fee Demonstration Program does not appear to be a factor in deciding the amount of recreation program funds that the Forest Service allocates to its regional offices. In order to determine whether the Forest Service offset recreation appropriations with fee demonstration revenues, we reviewed whether the recreation appropriation allocations to its regional offices decreased as fee demonstration revenues increased. We reviewed the regional allocations for each year since the fee demonstration program began. As shown in the following table, regional allocations have generally increased since the fee program began. As a result, it appears that the fee demonstration revenues were used to supplement rather than supplant recreation program funds.

Table 4: Comparison of Forest Service Recreation Appropriations' Allocations to Its Regional Offices to Fee Demonstration Revenues

Dollars in millions

	Fiscal year						
	1996	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**
Region 1 (Northern Rockies)	$22	$21	$21	$23	$25	$27	$30
Region 2 (Rocky Mountain)	27	29	28	29	27	35	36
Region 3 (Southwest)	23	26	24	28	26	31	34
Region 4 (Intermountain)	27	31	32	35	32	40	41
Region 5 (Pacific Southwest)	40	40	42	43	45	52	57
Region 6 (Pacific Northwest)	40	38	38	37	39	44	46
Region 8 (Southern)	32	31	31	34	33	41	46
Region 9 (Eastern)	28	26	27	26	27	31	36
Region 10 (Alaska)	13	17	16	18	16	20	22
Total regional allocation[a]	**$252**	**$259**	**$258**	**$273**	**$271**	**$321**	**$347**
Other[b]	16	22	19	20	30	42	42
Total[a] recreation appropriations[c]	**$267**	**$281**	**$277**	**$293**	**$301**	**$363**	**$390**
Fee demonstration revenues	[d]	**$9**	**$21**	**$27**	**$32**	**$35**	**$38**

Source: GAO analysis based on Forest Service data.

[a]Some totals do not add correctly due to rounding.

[b]Other includes funds for headquarters administration and program operations, research stations, and program reserves that have not been allocated to each region.

[c]Total recreation funds exclude fee demonstration revenues and fee collections. Fee collections were deleted because the regions directly request appropriation budget authority based on 15 percent of fee collections. Thus, the headquarters do not allocate fee collections to its regional offices.

[d]The fee demonstrated program generated $43,000 in fiscal year 1996 when the program began.

Question 3(a): What is the amount of appropriated dollars the Forest Service spent in fiscal year 2001 for administrative overhead to manage and operate the Recreational Fee Demonstration Program?

The Forest Service accounting system does not specifically track administrative overhead costs for the Recreational Fee Demonstration

Program or any other individual program within the agency. Forest Service officials estimate that in 2001 the agency spent about $10 million of appropriated funds to support the fee demonstration program. The agency estimates that $1 million is specifically for fee collection activities and about $9 million is for support costs for the program such as the salary and benefits for staff involved in general management, program planning, legislative and public communications, business services, as well as common service costs such as rents and utilities, and certain personnel costs like worker's compensation and unemployment insurance.

Question 3(b): What is the amount of recreation fee demonstration dollars that the Forest Service spent in fiscal year 2001 for administrative overhead to manage and operate the Recreational Fee Demonstration Program?

As noted in the answer to 3(a), the Forest Service accounting system does not track administrative overhead costs for the Recreational Fee Demonstration Program or any other individual program within the agency. As a result the agency cannot determine these costs. Fee program expenses that could be considered administrative overhead are comprised of the cost of collecting fees and expenditures for routine program operations provided at the fee demonstration sites—such as on-site management support, site operation and maintenance planning activities, and conducting on-site visitor surveys. In fiscal year 2001, the Forest Service spent approximately $5.1 million in fee revenues for fee collection. In addition, the national fee program manager estimates that a small percentage of the $8.6 million spent for fee program operations in fiscal year 2001 could also be considered administrative overhead.

Question 3(c): How does the Forest Service account for Recreational Fee Demonstration Program expenses such as periodic agencywide meetings on the fee demonstration program?

The Forest Service pays for its annual national meeting of fee demonstration program managers and staff using other recreation appropriated funds although agency officials told us that some attendees may use fee demonstration program funds if it is part of their training program. According to the fee demonstration program manager, this practice allows more fee demonstration funds to be used for on-the-ground demonstration site activities.

Scope and Methodology

To address each of the objectives, we reviewed the relevant Forest Service policies and procedures at the agency's headquarters, three regional offices, and nine demonstration sites. We selected three Forest Service regions to contact because they represented: (1) the three largest fee demonstration program revenue generating regions during fiscal year 2001; (2) geographical diversity; and (3) diversity in the types of recreational use (concentrated use in smaller areas versus more dispersed use in large areas.) At each of these regions, we selected and obtained information on how fee demonstration projects were prioritized, and how the revenues were used and accounted for at selected demonstration sites. Within each region, we selected the sites that generated the largest fee demonstration revenues in fiscal year 2001, the lowest fee revenues, and of the remaining sites in each region, the one that had the least fee revenue per visitor. We selected this methodology to determine whether capital development projects were being funded at the high-revenue sites while some basic health or safety or other high-priority needs were not being addressed at other sites because of the lack of fee demonstration revenues. Table 5 identifies the demonstration sites that we visited.

Table 5: Demonstration Sites GAO Visited

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

Source: GAO based on Forest Service data.

[a]We did not make an on-site visit to the Kisatchie National Forest site because the site was closed because of a hurricane at the time we were conducting our fieldwork. We did, however, obtain documentation from the site manager on each of our review objectives.

[b]The Enterprise Forest project covers four national forests in Southern California. These include the Angeles, Cleveland, Los Padres, and San Bernardino Forests. We visited the Angeles and San Bernadino National Forests.

In additon to collecting and reviewing this general information, we addressed each of the four objectives as follows. To determine how spending priorities are determined for the revenues generated by the Recreational Fee Demonstration Program, we interviewed Forest Service fee demonstration program officials at headquarters, the three regional offices, and the nine sampled sites; reviewed the applicable program guidance; and reviewed on-site records at each of the nine sites we visited to determine how spending priorities were actually being set.

To determine how the Forest Service spent its fee demonstration program revenues, we obtained information on total fee demonstration expenditures for fiscal year 2001 and program expenditures for the nine demonstration sites we visited in the three regions selected. We also obtained information on the types of projects being funded and the amount of expenditures for each site. In addition, we determined whether the types of expenditures made by each of the fee demonstration sites we visited were made in accordance with the legislative authority provided for the program and with the agency's program priorities.

To determine what, if anything, the Forest Service is doing to measure the impact of recreation fee revenues on reducing the agency's deferred maintenance backlog, we interviewed local site managers to determine the types of projects being funded and the extent of fee revenues spent to address the deferred maintenance backlog. We also obtained information on whether the Forest Service has a reliable estimate of its deferred maintenance needs and identified whether the agency has a process to measure the impact of fee demonstration revenues on deferred maintenance. We obtained this information from interviews with headquarters and on-site program officials and a review of Forest Service and other agency reports on the deferred maintenance issues within the agency.

To determine how the Forest Service accounts for its fee demonstration program revenues and expenditures, we interviewed the headquarters fee demonstration program manager and site managers on how the agency accounts for fee demonstration revenues and expenditures compared to other appropriated funds and how it accounts for its fee collection costs.

While our analysis focused on the Forest Service, we also collected some information on how the National Park Service was handling its activities in each of the four areas covered by the objectives. We selected the Park Service to provide perspective and comparative information to that of the

Forest Service because these two agencies generate most of the fee revenues under the Recreational Fee Demonstration Program. We limited our work at the Park Service to obtaining and reviewing the relevant documentation for each of the four objectives and interviewing appropriate agency officials to get a complete understanding of the documents. We did not conduct any on-site visits to verify the practices being followed by local park managers. Because our analysis focused on the Forest Service, specifically on a detailed review of nine Forest Service fee demonstration sites, the information reported should not be generalized in making any conclusions with respect to the National Park Service.

Finally, to address the three additional questions about specific aspects of the recreational fee demonstration program (see app. I), we requested the Forest Service fee demonstration program manager at headquarters to response to the specific questions and to provide supporting documentation. We reviewed this documentation and asked appropriate follow-up questions, as necessary, to make sure the information was consistent with our understanding of the program.

We conducted our work from August 2002 through January 2003 in accordance with generally accepted government auditing standards.

Comments from the U.S. Department of Agriculture

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

United States Department of Agriculture | Forest Service | Washington Office | 14th & Independence SW, P.O. Box 96090, Washington, DC 20090-6090

File Code: 2300
Date: APR 0 9 2003

Mr. Barry T. Hill
Director, Natural Resources and Environment
U.S. General Accounting Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Hill:

Thank you for the opportunity to provide comments to the General Accounting Office's draft report *Recreation Fees: Information on Forest Service Management of Revenue From the Fee Demonstration Program* (GAO-03-470). We are pleased that the draft report highlights several of the Forest Service's Recreation Fee Demonstration program successes, and we generally agree with the report's content. The comments that are enclosed are intended to clarify some areas of the report. We note that there are no recommendations for further action.

If you have additional questions or concerns, please contact our agency's External Audit Liaison, Sandy Coleman, at 703-605-4940.

Sincerely,

DALE N. BOSWORTH
Chief

Enclosure

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Comments on Draft Report GAO-03-470
Information Forest Service Management of Revenue from the Fee Demonstration Program

4/1/03

General Comments: The Forest Service appreciates the efforts of the General Accounting Office (GAO) staff to visit several Forest Service fee demonstration sites and learn how it administers the complex Recreational Fee Demonstration Program. We are pleased that the resulting report highlights the Forest Service program successes and that there are no recommendations for further action. The specific comments on the draft report that follow may clarify issues on which, from discussions with GAO staff, we believe we agree.

See comment 1.
Now on p. 10.
Now on p. 16.

A key finding of the report concludes that Forest Service "…fee revenues were spent consistent with the legislative authority provided for the program and with spending priorities set by the agency" (page 12). This is relevant to the discussion that begins on page 20 on how the Forest Service categorizes expenditures. As noted, the Forest Service chose to create seven expenditure categories to track those identified in the legislation, as a means of reporting accomplishments to Congress. Because of the number of categories, GAO questions both the accuracy and consistency of these figures (page 21). We believe the comment is strictly in reference to the categorization of expenditures, not the amount of total expenditures, which are taken from our accounting system. Based on this observation, the Forest Service will re-examine its reporting procedures and consider using the broader categories used by the Department of Interior agencies. We will also take steps to re-emphasize existing direction that clearly defines how enforcement activities should be accounted for (page 21, paragraph 2).

Now on pp. 16-17.

Now on p. 17.

Now on p. 13.
See comment 2.

Another key finding of the report is found on Page 17, first paragraph, which indicates that the Forest Service expends fee demo revenues "managing the impacts of visitors", particularly at sites with high visitation near major metropolitan areas. Many of these areas lack the infrastructure that might require deferred maintenance, as can be found more often at National Parks. This is one reason that the Forest Service expends relatively more on visitor services and relatively less on maintenance than the Park Service, as shown in the pie charts on page 23 and noted on page 8. This also reflects the agency's guidance to local forest managers, as noted on page 3, to "spend fee demonstration revenues on needs that have been identified by forest visitors."

Now on pp. 19 and 8.

Now on p. 22.
See comment 3.

Page 26, second paragraph, first sentence: the following addition is recommended: "… maintenance expenditures *from fee demo revenue*", to clarify.

Now on pp. 25-26.
See comment 4.

Pages 30-1 of the report more fully addresses the vendor discount issue. We agree that our accounting system has not captured the costs of providing passes to vendors at a discount. A discount transaction saves time and expense. The alternative is to sell a pass to a vendor at full price, deposit the revenue into Treasury, then pay the vendor for their costs by sending them a check from the fee demo account. Instead, the agency can record

Now on p. 26.

the revenue deposited into Treasury, and use an accounting mechanism to indicate the foregone revenue that is the discount, and a "cost of collection." We are preparing accounting instructions for the field and plan to implement this new procedure in the immediate future. As is stated at the bottom of page 31, the "...use of vendors is limited and thus represents a relatively small portion of expenditures." The overall agency expenditures of fee revenue for fee collection are at 14%, and we are confident that it will not exceed 15% after the adjustments are made.

Generally, we are pleased with the report's conclusions as well as the opportunity to show GAO staff some Forest Service fee demonstration sites. The report highlights some of the many areas where fee demonstration revenues have made a critical difference in providing quality recreation opportunities for our visitors.

The following are GAO's comments on the U.S. Department of Agriculture's letter dated April 9, 2003.

GAO's Comments

1. We agree and acknowledged their comments on page 17 of the report.

2. We agree and acknowledged their comments on page 19 of the report.

3. We agree and revised the sentence on page 22 of the report.

4. We agree and acknowledged their comments on page 27 of the report.

Comments from the Department of the Interior

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

APR 11 2003

Mr. Barry T. Hill
Director, Natural Resources and Environment
U.S. General Accounting Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Hill:

Thank you for providing the Department of the Interior the opportunity to review and comment on the draft U.S. General Accounting Office report entitled, "Recreation Fees: Information on Forest Service Management of Revenue From the Fee Demonstration Program (GAO-03-470)."

Specific comments are listed in the enclosure. If you have any further questions, please contact Carol Maass, Fee Demonstration Program Coordinator, Park Facility Management Division, at 202/513-7072.

Sincerely,

Craig Manson
Assistant Secretary for Fish and
Wildlife and Parks

Enclosure

See comment 1.

- The National Park Service has a concern with a misnomer that is repeated through out the document. The Interagency Annual Report, Table 5 categories have been cited by the General Accounting Office (GAO) as the data utilized. The Table 5 category labeled "Health & Safety Maintenance" has been changed in your report to "Maintenance." By doing this, the reporting data is misinterpreted to represent deferred maintenance. The health and safety maintenance category was established by bureaus within the Department of Interior (DOI) as a reporting category for the Interagency Annual Report because of the DOI initiative "Safe Visits to Public Lands." While health & safety maintenance is a large portion of the deferred maintenance obligations, it is not the total. It also includes health and safety projects that are capitol improvement. Deferred maintenance crosses all the categories as reported in the annual report. In order to be consistent in our reporting and not misrepresent the data, we request that the complete category name "health and safety maintenance" be use in the following paragraphs:

  Page 5; paragraph 1; line 9
  Page 22; paragraph 1; lines 2 and 5
  Page 27; paragraph 2; lines 9

Now on p. 3.
Now on p. 18.
Now on p. 23.

See comment 2.

- On page 7; paragraph 3; last line insert "critical" and "with a visitor connection" to read: *In terms of program priorities, the Park Service emphasizes that local managers focus on addressing deferred maintenance and critical resources protection needs with a visitor connection.*

Now on pp. 7-8.

See comment 3.

- On page 8; paragraph 1; last line replace revenues with "obligations" to read: *In contrast to the Forest Service, the National Park Service shows a larger portion of its fee demonstration obligations on collecting fees and addressing its health and safety maintenance needs and less for visitor services.*

These changes will convey that the National Park Service has been utilizing its fee revenues to accomplish projects that address health and safety maintenance needs and re-affirms that we have also addressed deferred maintenance needs that cross the five categories as established for the Interagency Annual Report.

See comment 4.

The Department notes that the methodology used by GAO does not allow generalization beyond the nine specific sites examined. The report should include a "methodology" section that discusses the methods used by GAO and the extent to which these methods might limit the conclusions that can be drawn from the data.

The following are GAO's comments on the Department of the Interior's letter dated April 11, 2003.

GAO's Comments

1. The National Park Service expressed the concern that we used "maintenance" as one of the expenditure categories rather than "health and safety maintenance" and by doing so the expenditure category is misinterpretated to represent deferred maintenance. We did not change the report to "health and safety maintenance" as requested by the Park Service. In table 1 of our report, we describe that the maintenance expenditure category includes projects related to health and safety and backlogged maintenance and we note that backlogged or deferred maintenance expenditures may also be categorized under categories other than maintenance. We added a note stating that we refer to the Park Service's "health and safety maintenance" expenditures as "maintenance."

2. We revised the report to say that local managers focus on addressing deferred maintenance and critical resource protection needs.

3. We changed the language to say that the National Park Service uses a larger portion of fee demonstration "expenditures" rather than "revenues" on collecting fees and addressing its maintenance needs and less for visitor services.

4. We added the following statement in the scope and methodology. Because our analysis focused on the Forest Service, specifically on a detailed review of nine Forest Service fee demonstration sites, the information reported should not be generalized in making any conclusions with respect to the National Park Service.

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