

Securing the Future of Washington's State Parks Market-Based User Fees and Privatization Can Solve Budget Strains

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For a third straight year, the Washington State Parks and Recreation Commission (State Parks) has responded to the prospect of budget cuts by announcing that it may have to close a number of state parks. In previous years, the commission did not end up closing any parks, but neither has it been able to address a maintenance backlog of \$40 million and growing.

State Parks' budget problems are real, but solvable. A comprehensive solution requires the state to embrace the benefits of market-based user fees and privatization. With the coordinated and complementary actions outlined below, the Parks and Recreation Commission and State Legislature can put an end to park-closure discussions and secure the future of Washington's state parks.

Implement Day-Use Fees. At a special meeting on December 14, 2000, the Parks and Recreation Commission approved a proposal to implement day-use, or entrance, fees. This reform is overdue. As one of only ten state park systems in the country that does not charge day-use fees, Washington State Parks must rely on general tax dollars and camping revenues for its budget. Despite the direct benefits they derive from, and the costs they impose on, the state park system, Washington's day-use visitors (96 percent of total attendance) pay nothing extra for their enjoyment of the state's parks.

Acknowledge the Revenue Potential of Day-Use Fees. In addition to being a fairer way to fund the park system, entrance fees will generate needed revenue

that can help State Parks address its maintenance backlog. Current discussions have vastly underestimated the revenue potential of day-use fees. For several years, State Parks has projected \$2 million a year in net revenue from a \$3 per-vehicle fee. The agency's estimate, however, is seriously flawed. Because of calculation errors and overly pessimistic assumptions, State Parks substantially underestimates—by about five times—the potential revenue from its proposed \$3 day-use parking fee. Net revenues from such a fee would more likely generate about \$10 million per year.

Design Differential Fees that Reflect Market Demand. Day-use revenues would be even higher if State Parks implemented a more equitable entrance fee, one that reflects market demand. A differential pricing system acknowledges the fact that the value a person attaches to a park visit varies based on several factors: the location and quality of the park, the time of year, day of week, and so on. A flat, \$3 per-vehicle fee improperly ignores these economic fundamentals. Thus, a carload of six persons would pay the same entrance fee for a visit to Deception Pass on Labor Day weekend as would one person visiting Tolmie State Park on a Tuesday in April. Day-use fees that reflect market demand are fairer and would generate substantially more revenue.

Differential day-use fees would not only increase revenues, they could also serve as an important park management tool. During peak periods, certain parks attract too many visitors, placing unnecessary strain on park facilities and staff. Differential fees

can be used to disperse congestion and encourage visitation at underutilized sites. Reducing overcrowding helps protect the state's parks and enhances the recreational experiences of visitors. Properly structured, revenue from differential fees would be substantially higher than the annual \$10 million a flat \$3 parking fee would raise.

Maintain Flexible Pricing and Collection Methods. State Parks should avoid establishing one-size-fits-all pricing and collection methods. An individual park's characteristics and attendance patterns should determine whether or when a per-vehicle or per-person entrance fee is appropriate and how best to collect fees.

Identify Specific Steps to Ensure Access for Low-Income Park Users. Rather than initially contemplating entrance fees that have a minimal impact on the poor, State Parks should first conceive of the most equitable and efficient day-use fee system and *then* identify specific ways to reduce any negative effects on low-income visitors. Potential solutions include those offered by Richard Burke in Cascade Policy Institute's *1998 Oregon Better Government Competition*: advertisements and sponsorships; coupons sponsored by local businesses; free access for children who qualify for free lunches; and free and discounted days.

Ensure that New Fees Support an Enhanced Parks Budget. To gain the support of park users, it is essential that revenue from new fees support park improvements. Park visitors are much more likely to accept fees if they can see tangible benefits at their parks. Because of the state's budget process, the State Parks and Recreation Commission cannot assure park users on its own that new fee revenue will support an enhanced parks budget. That assurance must come from the Legislature.

Commit to an Increased Parks Budget and Reduced General Fund Support. The revenue potential of day-use fees is sizable enough to accommodate an appropriate budget increase for State Parks *and* a reduction in General Fund support. By dedicating a share of new revenues to a budget increase and a share to replacing State Parks' General Fund dollars, lawmakers would show faith both to park users and other taxpayers. A decrease in General Fund support would lead to a corresponding reduction in the state's Initiative 601 spending limit, ensuring that new fees from park users are not used to support increased spending for non-park programs.

Contract Out Park Operations, Where Appropriate. To assure park users and other taxpayers that State Parks is spending its dollars as efficiently as possible, the Legislature should grant State Parks the authority to contract out the operation of state parks. As we detailed in a previous study, the provincial park systems of British Columbia and Alberta realized substantial savings through their comprehensive privatization efforts ("Privatization Opportunities for Washington State Parks," <http://www.wips.org/Studies/PBParks.htm>).

With these complementary actions, Parks and Recreation Commissioners and State Legislators secure the future of Washington's state parks, while keeping faith with park users and other taxpayers.

The full Policy Brief, "Securing the Future of Washington's State Parks," is available online at www.washingtonpolicy.org or by calling 1-888-WPC-9272 toll free.