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Summary

Oregon's park system has many problems, including a large maintenance backlog and uncertain funding. The best solution to these problems is to implement a fee-based system that restores correct incentives. If Oregon does this, our parks can become self-sufficient, protect more land and give money back to taxpayers.

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“Several other states have successfully moved toward self-sufficiency. If we follow their example, Oregon's parks will thrive.”

How Should Oregon Pay for Its Parks?

by Tim Keller

This summer, millions will visit Oregon's State Parks. People from across the world will come to see their beauty and diverse locations. This picture, though, is far from idyllic. Oregon's park system needs to solve several problems.

The most important issue is philosophical: The government should not subsidize recreation. The current system is based on the belief that the government knows how to spend your money better than you do. Oregon should instead let its citizens decide for themselves how to spend their hard-earned money.

Another major problem is overuse. Funds from the state allow parks to charge an artificially low price. Since that price is below the market value, a shortage has developed. Because of overuse, there is currently a \$75 million backlog in maintenance. This lessens visitors' experiences and diverts money from the protection of land.

There are also money troubles. In 1998, Oregon voters passed a constitutional amendment sending 7.5% of lottery revenue to state parks until 2014. Money from the lottery makes up roughly 40% of the parks' budget. What will happen when the money runs out?

The best solution to these problems is to utilize user fees and incentive-based systems to increase revenues and decrease costs. Several other states have successfully moved toward self-sufficiency. If we follow their example, Oregon's parks will thrive.

New Hampshire is the poster child for self-sufficient parks. In 1991, the state legislature passed a resolution requiring the park system to finance its own operating budget. By 1992, it was. A key step was the introduction of differential pricing for campsites. This takes the location, amenities and demand for each site into account when determining a price. Parks also changed the way entrance fees were calculated. Instead of charging a flat fee per vehicle, they charged per

person. Coupled with a higher rate of fee collection, entrance fee revenues rose dramatically.

Texas' parks introduced a new budgeting system. It is an incentive-based financing system that encourages managers to find new ways to generate revenue and cut costs. If managers meet predetermined goals, they are rewarded with an increased budget. This program forces managers to change from thinking about spending to thinking about profit. In just two years, the first parks increased "profits" by \$1.8 million. This enabled park managers to catch up on maintenance backlogs while protecting more resources.

These approaches work because they create a link between earnings and spending. The issue is not money—it is incentives. Often, park managers don't gain the benefits of increased revenue but feel the pain of increased expenses. These perverse incentives lead to poor outcomes.

For example, Yellowstone's most popular campsite was closed in 1996 even though it generated a profit of \$46,000 per year. Since all revenue was sent directly to Congress, managers only saw the drain on their budget. The flawed budgeting system inevitably led to an unpopular and illogical decision. If revenues are instead returned to the park that generates them, park managers will have incentives to make good decisions.

In order to become a self-sufficient agency, Oregon's park system will have to implement proven approaches used in states such as New Hampshire and Texas. Another key component should be increased fee collection. This can be accomplished by making sure people pay and changing the fee structure, as New Hampshire did. Over the last 6 years, the average fee collected per non-camping entrant was a scant 6.5 cents. If that figure had been just 60 cents, the park system could have not only funded its operating budget from campsite and entrance fees, but made a profit as well.

By moving toward a fee-based system, Oregon's parks can become self-sufficient and take their hands out of taxpayers' pockets. This would provide a stable funding source and reduce overuse. Reducing reliance on the bureaucratic process and political machinations can only help the preservation of land and our heritage of parks.

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