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Statement of Jason D. Robertson,

American Whitewater's Access and National Policy Director,

for the House Subcommittee on Forests and Forest Health on the Forest Service Recreation Fee Demonstration Program

Wednesday, September 17th, 2003, at 2:00 PM

Mr. Chairman, thank you for inviting me to speak today.

The last time I was invited to speak before this committee was in the tragic days after 9/11. I am glad to be here on a happier occasion.

In the two years since I last testified on Fee Demo, there have been some small changes and improvements; however public dissatisfaction with the program has continued to grow, and the Agencies continue to push for permanent fee collection authority without resolving most of the specific problems described by me, the GAO, and others. Rather than repeating myself, I encourage the Committee to review my comments from 2001, and the 2003 GAO report in light of today's testimony.

Now, in 2003, six years after Fee Demo was implemented and three years after Congress authorized the first extension of the program without public review, I can better appreciate the agencies' funding needs and can look back on the program with a richer perspective.

As you may recall, American Whitewater has been working on Fee Demo since its inception, and initially supported it when it was introduced in 1997. However, many of the first fees were tested on river recreationists without a clear on-the-ground explanation of the program's objectives, scope, or intent. By 1998 boaters were being charged at nearly one-third of all the approved Fee Demo sites. As a result, our members were convinced that the fees were unnecessarily onerous without obvious benefit; that boaters were being unfairly targeted; and that boaters were subsidizing other forest uses.

Now, more than 6 years after inception of the Fee Demo program, it is relatively easy to find local governments and civic organizations who support the fee programs because they benefit from the fee collection; however it is hard to find any recreationists or Forest visitors who are willing to advocate for continued fee authority for the Forest Service or Bureau of Land Management (BLM). This is interesting because it is in stark contrast to the public's response to fee collection by the Park Service. In fact even the staunchest opponents to Forest Service Fees support Senate Bill 1107, which permanently extends fee authority for the National Parks. The difference appears to be based on the public expectation of service and historic payment of visitation fees on Park Service properties, which are viewed as national treasures, in contrast to the tradition of public recreation and use of Forest Service and BLM lands for more traditional pastimes including hunting, fishing, hiking and boating that tend to require fewer services in the eyes of the public.

In 1998, American Whitewater's Board of Directors asked me to work on improving the ways in which Fee Demo affected the boating community, whether through modification or termination of the program. This discussion has continued long enough, and it is time for Congress to decide whether to terminate this program once-and-for-all or make it permanent.

At issue is the fundamental preservation of the principle of free access to federal recreation lands. Is Congress willing to make trespassers out of taxpayers? If Congress extends the fee collection authority for the agencies in question, is Congress prepared to hold the Agencies accountable and ensure that the faults ascribed to the Forest Service in the recent 2003 GAO report "RECREATION FEES: Information on Forest Service Management of Revenue from the Fee Demonstration Program" are addressed and resolved in a timely, efficient, consistent, and accurate manner?

In 1997 the human-powered recreation groups liked one element of Fee Demo; we liked that the program was intended to help defray or mitigate maintenance costs resulting from recreation by returning fees directly to the resource to benefit the users from which they were collected.

That single objective was based on a philanthropic ideal of servicing and protecting the environment that we love as hikers, boaters, climbers, fishermen, and hunters.

However, while most of the recreation community still likes that single element of the program, taxpayer support has been whittled away by the dislike for the ways in which the Federal land management agencies: (1) stretched the scope of the program to defray other visitation costs; (2) played apparent shell games by shifting funding across broad Forest Regions and large Demo sites; (3) used funds to construct new facilities; (4) limited use and access through new permits; (5) broadly expanded the program through creative wordsmithing; and (6) enforced fee collection through occasionally heavy-handed methods including the unsuccessful attempt to classify infractions as Class B Misdemeanors with the possibility of imprisonment.

Thus in answer to the question of what is working well under Fee Demo and which areas are most in need of improvement, my response is that the narrow goal of defraying maintenance costs remains worthy of support, and that all other purposes to which the legislative mission of the program has been stretched should be terminated.

At present the Agencies continue to have a severe credibility gap when it comes to Fee Demo. The problems are numerous:

Fees are often implemented without adequate public input.

There is a widespread public perception among recreationists that fees are a boondoggle for local managers.

It is not clear which fees are being charged under Fee Demo and which are being charged under other fee authorities.

When the public questions a particular implementation element of a fee, managers are slow to respond and rarely initiate requested changes on behalf of the public.

And fees are still being imposed before specific projects are selected, thus the public does not know in advance where their fees are going.

The agencies' have also taken actions that were insensitive to the public's concerns over abuse of the program. For example, the boating community's primary fear of the fee program is driven by a concern that it will lead to unpopular "big government" programs. For instance, fees have been cited as a motivating factor for implementing or considering new permit systems on several Western rivers including Colorado's Gunnison. Fees have also been charged to simply park alongside Idaho's Payette for dirt lots with no services. And, fees from boaters have been sought to pay for subsidizing other users through such peripheral action as paving Federal highways in Arizona or hauling trash in Idaho.

One example that is often cited by the Forest Service as a Fee Demo success is the Nantahala in North Carolina. I take issue with this. Yes, the fees have paid for improved parking areas, overlooks, picnic tables, and new toilet facilities. On the plus side, these facilities are appreciated by nearly all visitors. However, on the negative side, the fees are still only being charged to boaters, though everyone visiting or driving through the Gorge from fishermen to truckers benefit from these services. Further, the Agency continues to require boaters to wear an armband on the river, despite the fact that it is highly unpopular and relatively inconvenient to obtain.

The effect of the practices on the Nantahala is that private boaters subsidize other uses, and do not feel that the Forest Service is concerned with their best interests.

In conclusion, if the Forest Service and BLM focus on the core intent of Fee Demo and only charges fees to help with basic recreation maintenance on trails and recreational use, and only utilize the fees on programs that directly, locally, and obviously benefit the group being charged, it will do much to restore the credibility of the agencies and may even generate long-term support for fees. If this is not a readily achievable goal or is too narrow, then the Agencies should stop pushing for fee collection authority and this Committee should

refuse to extend the program.

Thank you for this opportunity to speak, I look forward to responding to your questions.

Sincerely,

Jason D. Robertson

National Access and Policy Director

American Whitewater

301-589-9453

Jason@amwhitewater.org

ANALYSIS AND QUESTIONS ABOUT THE APRIL 2003 GAO REPORT "RECREATION FEES: Information on Forest Service Management of Revenue from the Fee Demonstration Program"

The Forest Service's reported gross Fee Demo revenue for FY 2001 was over \$35 million (p.6). The reported cost of collection was \$5,051,000 (p. 9). \$10 million of appropriated funds were used to support the fee demonstration program (p.32). \$4.6 million was collected from sites that produced fee income prior to becoming fee-demonstration sites [i.e., campgrounds, boat launches, etc].

Subtracting these sources of income from the gross revenue results of all Forest Service fee-demo sites in all of the United States shows that Fee Demo generated a total net increase in fee revenues of a mere \$15 million. In other words it cost the Forest Service and Taxpayers \$1 to raise \$2.

This calculation does not even include administrative costs, which the GAO did not calculate due to incomplete reporting by the Forest Service. Inclusion of those administrative costs would likely push the net revenue from the Fee Demo much lower.

Some of the faults identified by the GAO are included below, the paragraphs that these quotes were drawn from are included afterwards:

"[W]e did find that the Forest Service does not provide consistent information on where fee revenue is being spent." (page 3)

"The Forest Service does not have a process for measuring the impact of fee demonstration expenditures on reducing the deferred maintenance backlog." (page 4)

"[W]hile acknowledging that it has a significant deferred maintenance problem, the agency has not developed a reliable estimate of its deferred maintenance needs." (page 4)

"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." (page 5)

"[T]he accuracy of program-wide information depicting the amounts of fee revenues spent for various categories is questionable" (page 5)

"[W]e 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" (page 16)

"[T]he 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." (page 16)

"[I]n 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." (page 16)

"Another concern affecting the spending information in the agency's annual report is the subjectivity of the spending categories themselves... expenditures for fee enforcement activities and fee collections may also be reported inconsistently... These inconsistencies further affect the consistency of the Forest Service's reporting of where fee revenues are actually spent." (page 17)

"[T]he 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.” (page 19)

“ [T]he 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.” (page 21)

“ 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... Excluding vendor discounts from the cost of collection is also inconsistent with federal financial accounting standards...” (page 25)

“ The Forest Service practice of allowing vendor discounts results in inaccurate fee revenue and expenditure reporting... [B]oth 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” (page 25)

“ [T]he 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.” (page 32)

SELECTED QUOTES FROM GAO REPORT (GAO-03-470, APRIL 2003)

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.[1][1]

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... [L]ike the Forest Service, the Park Service has not yet developed a reliable estimate of its deferred maintenance needs.[2][2]

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.[3][3]

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.[4][4]

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.[5][5]

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.[6][6]

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][7]

Another concern affecting the spending information in the agency's annual report is the subjectivity of the spending categories themselves... 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.[8][8]

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.[9][9]

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.[10][10]

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.[11][11]

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... 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.[12][12]

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 standards and the U.S. Department of Agriculture financial manual. 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.[13][13]

[I]t appears that the fee demonstration revenues were used to supplement rather than supplant recreation program funds.[14][14]

Forest Service officials estimate that in 2001 the agency spent about \$10 million of appropriated funds to support the fee demonstration program.[15][15]

[T]he 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.[16][16]

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.[17][17]

[1][1] GAO-03-470 Recreation Fees, Page 3.

[2][2] GAO-03-470 Recreation Fees, Page 4.

- [3][3] GAO-03-470 Recreation Fees, Page 5.
- [4][4] GAO-03-470 Recreation Fees, Page 5.
- [5][5] GAO-03-470 Recreation Fees, Page 7.
- [6][6] GAO-03-470 Recreation Fees, Page11.
- [7][7] GAO-03-470 Recreation Fees, Page16.
- [8][8] GAO-03-470 Recreation Fees, Page17.
- [9][9] GAO-03-470 Recreation Fees, Page19.
- [10][10] GAO-03-470 Recreation Fees, Page21.
- [11][11] GAO-03-470 Recreation Fees, Page22.
- [12][12] GAO-03-470 Recreation Fees, Page24.
- [13][13] GAO-03-470 Recreation Fees, Page 25.
- [14][14] GAO-03-470 Recreation Fees, Page 30.
- [15][15] GAO-03-470 Recreation Fees, Page 32.
- [16][16] GAO-03-470 Recreation Fees, Page 32.
- [17][17] GAO-03-470 Recreation Fees, Page 32.