

Planning for California's Future:  
Budgeting for California's State Parks and Recreation Department

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PA 730 Budget Analysis  
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Honorable Governor and State Legislature  
Sacramento, California

We compiled audited financial reports based on fiscal years 2004-05 through 2007-08 to present our current financial status and budget needs for 2008-09. The California Parks and Recreation Department has the responsibility to prepare a condensed version of its budget analysis to the Governor's Office and State Legislature. Complete audited financial statements are available upon request. We, as budget analysts for the Department, have the responsibility to present the budget proposal for fiscal year 2008-09 as well as provide programmatic justification for the proposed budget.

Also included in this report is an overview of the Jurisdiction, an organizational chart, and a condensed report of the analysis conducted for fiscal years 2004-05 through 2007-08. Please note that the actual budget amounts for FY 2007-08 will be released in July 2008 and are therefore not included in this assessment.

Note: This report is for the Department's Operating Budget and does NOT include the Capital Outlay budget figures nor Local Expenditures unless indicated.

## Overview of Jurisdiction

The California State Parks and Recreation Department is part of the Resources Department for the state of California and under the California Code of Regulations is responsible to “...administer, protect, provide for recreational opportunity, and develop the State Park System; to interpret the values of the State Park System to the public; to operate the Off-Highway Motor Vehicle Recreation Program; to administer the California Historical Resources Protection Program; and to administer federal and state grants and bond funds to local agencies.”

### DEPARTMENT HIGHLIGHTS

#### Entity-wide:

- California State Parks receive over 76.6 million visitors each year (California State Parks 2008).
- Approximately 13,000 volunteers work and contribute each year under the Department (California State Parks 2008).
- The State Parks Department brings in approximately 37% of its total revenue and expenditures through the State Parks and Recreation Fund, which is made up of primarily user fees.

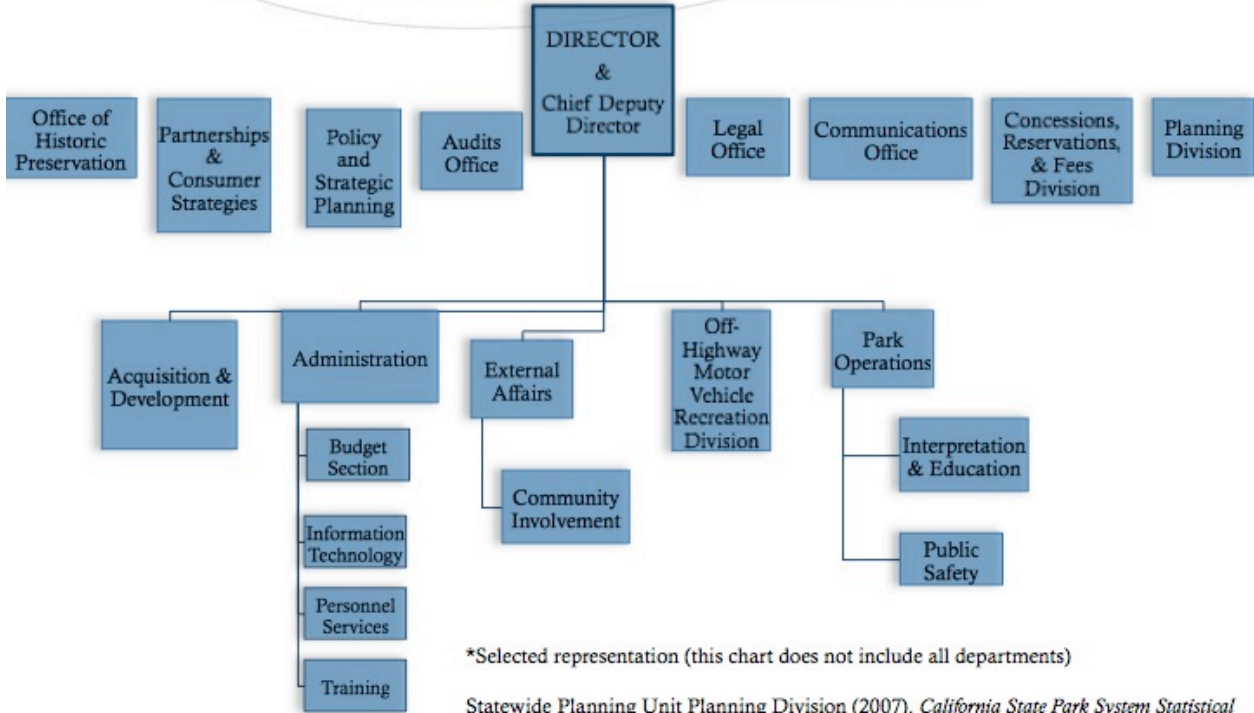
#### Programmatically:

- *Facilities*: 278 units owned throughout California; involves acquisition, development, and maintenance
- *Resource Protection*: responsible for over 1 million museum objects and 2 million archaeological specimens in 235 state parks; stewards of ecologically diverse species and habitats, including coastal dunes and 22 marine parks
- *Public Safety*: ensuring safety, emergency services, and law enforcement
- *Education and Interpretation*: includes guided hikes, tours, talks, and demonstrations for visitors and student groups, as well as outreach to schools
- *Recreation*: providing a wide variety of activities, such as hiking, swimming, camping, and off-highway vehicle recreation

#### Budget changes:

- General fund reduced from 55% in the 1980-90s to 35% of total Department budget (Governor’s 2008-09 Budget Information 2008).
- State Operations spent \$4.16 per visitor in 1990-91 as compared to \$2.80 per visitor projections for FY 2008-09 (See Appendix A).

# Organizational Chart\*



\*Selected representation (this chart does not include all departments)

Statewide Planning Unit Planning Division (2007). *California State Park System Statistical Report 2006/07 Fiscal Year*. Sacramento: California Department of Parks and Recreation.

Overview of Proposed Budget  
Actual Budget FY 2004-05 through Proposed Budget FY 2008-09  
Including local expenditures

In accordance with California state law, the budget presented is a balanced budget indicating both source of funds and fund allocation. The budget below reflects the actual Department proposal to the Governor's Office (Governor's Budget 2008-09 Proposal 2008). See Program Recommendations for this analyst's recommendations.

Revenue and Expenditures	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Budgeted	FY 2008-09 Proposed	% Diff	\$ Diff
General Fund	\$87,725	\$101,140	\$175,448	\$161,213	\$150,533	93%	-\$10,680
Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund	8,055	11,001	5,753	7,538	5,057	67%	-2,481
Surface Mining and Reclamation Account		500					
California Environmental License Plate Fund	1,678	2,638	2,892	3,313	3,023	91%	-290
Public Resources Account, Cigarette and Tobacco Products Surtax Fund	10,855	9,859	10,371	11,425	10,432	91%	-993
Habitat Conservation Fund	2,953	5,412	2,673	7,462	3,655	49%	-3,807
Off-Highway Vehicle Trust Fund	48,914	55,570	50,194	65,676	85,592	130%	19,916
Natural Resources Infrastructure Fund		2,700					
State Parks and Recreation Fund	117,663	125,779	118,644	122,125	122,304	100%	179
Winter Recreation Fund	341	346	309	390	353	91%	-37
Harbors and Watercraft Revolving Fund	717	689	747	825	755	92%	-70
California Wildlife, Coastal and Park Land Conservation Fund of 1988		8		8		0%	-8
Recreational Trails Fund	3,043	15,206	4,151	23,630	9,726	41%	-13,904
Federal Trust Fund	5,222	50,625	8,986	39,686	11,414	29%	-28,272
Reimbursements	20,700	34,571	21,460	32,675	33,071	101%	396
California Main Street Program Fund		175		175	175	100%	
California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund	254,564	145,441	13,169	8,176	4,555	56%	-3,621
Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002	269	471	121	498	435	87%	-63
California Missions Foundation Fund		260	293	34,691	23,288	67%	-11,403
<b>TOTAL REVENUE/ FUNDING</b>	<b>562,699</b>	<b>562,391</b>	<b>415,211</b>	<b>519,506</b>	<b>464,368</b>	<b>89%</b>	<b>-55,138</b>
<b>% of Total for Local Expenditures Authorized Positions (# of employees)</b>	<b>47.6%</b>	<b>39.8%</b>	<b>8.4%</b>	<b>17.9%</b>	<b>9.8%</b>	<b>-8.1%</b>	<b>47,220</b>
	2,967.10	3047.6	2,970.5	3,230.0	3,338.3	103%	108

**Programmatic budget recommendations for top category revenue and expenditures**  
(Analyst's proposed changes to the Actual budget proposed to the Governor)

**Revenue**

- I. General Fund (\$13.3 million reduction)

As a result of General Fund decreases in all state departments, the Department of Parks and Recreation must make a 25% decrease in funds. This was estimated at \$13.3 million reduction; however, we are optimistic that the Governor's revised budget will not be as severe as previously discussed. We urge for a reduction of only \$10 million.

- II. State Parks and Recreation Fund (limited revenue increase)

The State Parks and Recreation Fund is primarily comprised of user fees collected at each State Park. Parks user fees are based on a sliding scale and have been increased in the last few years. Park fees are currently determined to be at the threshold for visitor use and therefore we do not recommend increasing fees.

- III. Federal Trust\* (potential revenue increase)

The analysis conducted by our amateur budget analysts was not able to determine how funding from the Federal Trust is subscribed and allocated. We recommend further investigation regarding the potential to exploit this revenue source.

- IV. Off-Highway Vehicle Trust Fund (potential revenue increase)

The Off-Highway Vehicle Trust Fund is a substantial revenue source for the state. We recommend expansion of current facilities to maximize the revenue generating opportunities for the Park's Department.

**Expenditures**

- I. Facilities\* (maintain FY 2007-08 levels)

The Department previously projected the need to close 1 in 5 state parks; however, it is the opinion of our budget analysts that if the General Fund reduction is lessened to \$10 million and

the Federal Trust Fund can provide an increased \$10 million in funding, the Parks' Department will be able to keep all facilities open. The closure of 1 in 5 parks was estimated to result decreased revenue of \$3 million. By keeping the parks open, the additional revenue can be used to cover the deferred maintenance cost of top priority projects.

II. Staff\* (maintain FY 2007-08 levels)

The Department has discussed staff reductions resulting from park closures; however, these reductions are not reflected in the FY2008-09 proposed budget. A recent report from the Parks' Department noted 136 full-time staff positions would be eliminated throughout the state in addition to reductions in part-time and seasonal staff (Governor's 2008-09 Budget Information 2008). I recommend maintaining FY 2007-08 staffing levels to enable all parks to remain open as well as for keeping costs down. In relation to the 2008-09 proposed budget (pg. 5), this decision would mean that the 108 position increase would not happen therefore affecting a slight decrease in projected expenditures.

III. Deferred maintenance\* (\$3 million requested)

Currently deferred maintenance is estimated at \$1.2 billion accumulated from the 1980s. Annual on-going maintenance is approximately \$117 million (Governor's 2008-09 Budget Information 2008). Although the majority of maintenance will once again need to be deferred, it is imperative to allocate \$3 million (source of funds: revenue from keeping parks open) for top priority projects.

IV. Local expenditures (8% reduction)

Due to the current climate for the state budget, the Department of Parks and Recreation is estimating a decreased budget for provision of local grants. The current decrease in state department grants to local parks is part of the general trend of the last four years (see Appendix B). Upon their request, we compiled non-state funding recommendations for local and community parks departments as a way in which to support them.

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\* These are the recommendations of this budget analyst and are not reflected in the actual state budget proposal.

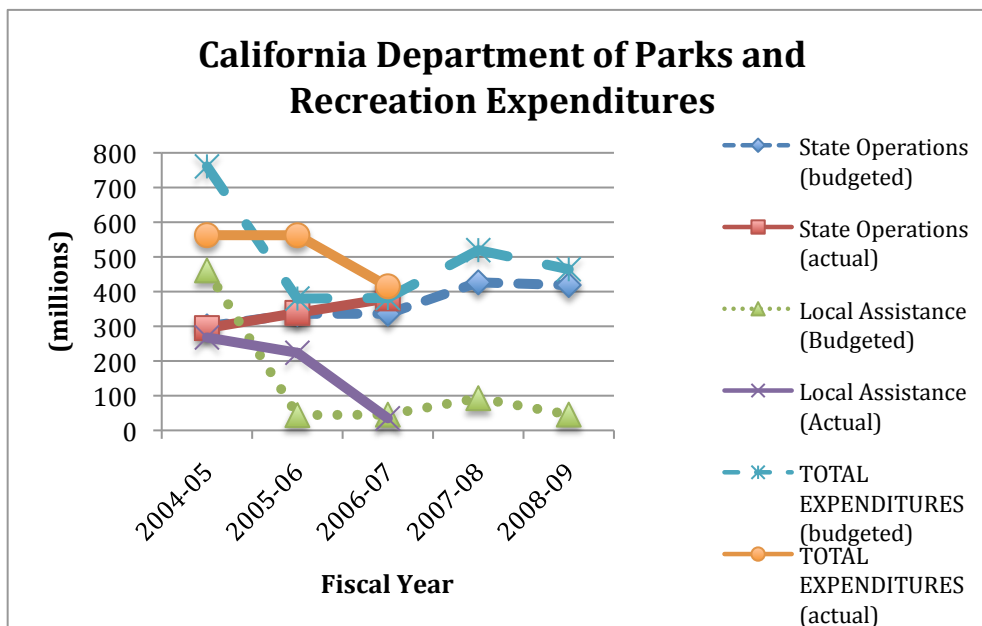
## Supporting analyses for the agency

### I. Share analysis (see Appendix C)

The share analysis is solely based on State Parks Operations and does not include local expenditures. The largest share of expenditures is for facilities (44%). The largest share of revenue is from the State Parks and Recreation Fund (37%), which is primarily user fees, and the General Fund (30%)

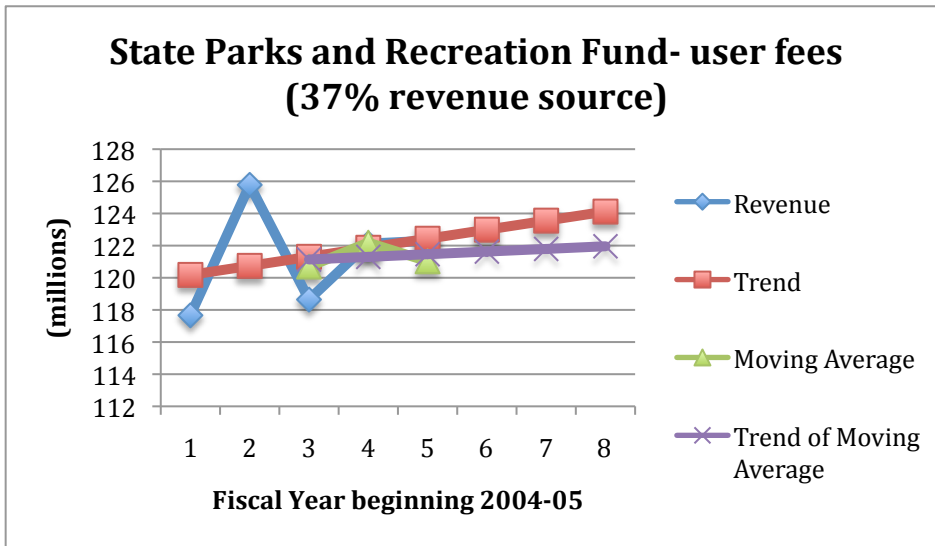
### II. Variance analysis (see Appendix D for detailed charts)

The variance analysis indicates large difference between budgeted and actual total expenditures, which is explained by the mirrored discrepancies between budgeted and actual local assistance. The state operations budgeted and actual figures are consistent.

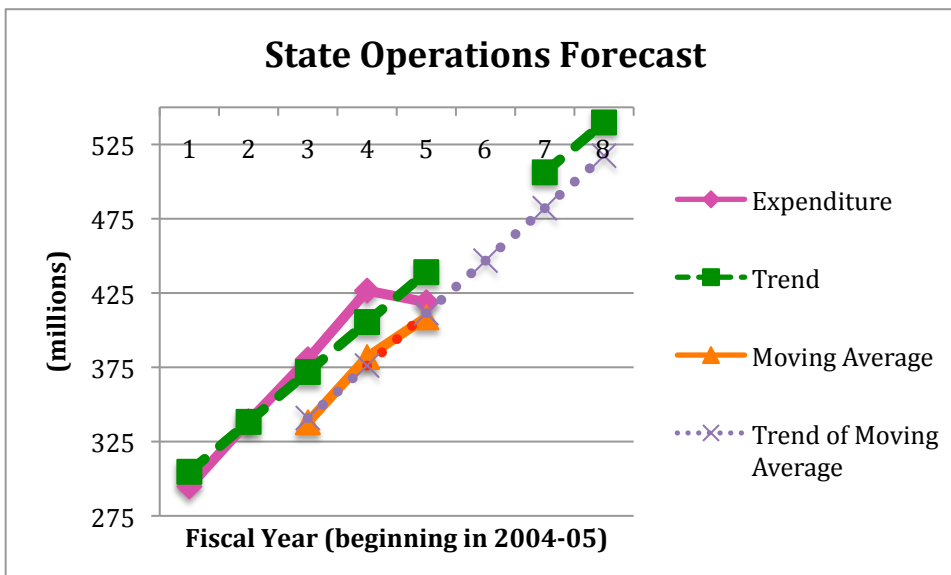


### III. Forecasting trends (see Appendix E for more charts)

The graphs below indicate the forecasting trends for revenue from the State Parks and Recreation Fund and expenses for State Operations. The State Parks and Recreation Fund shows a gradual increase in revenue over the next four years. The moving average trend forecast is slightly more conservative than the general revenue trend; both appear on target and consistent with other budget factors.



Conversely, the State Operations forecast does not reflect non-numeric budget trends. State Operations will most likely not realize the dramatic expenditure increases forecasted in the graph below. State budget constraints due to the decreased General Fund budget will most likely keep expenditures steady or mandate decreased expenditures for subsequent years.



## Conclusion

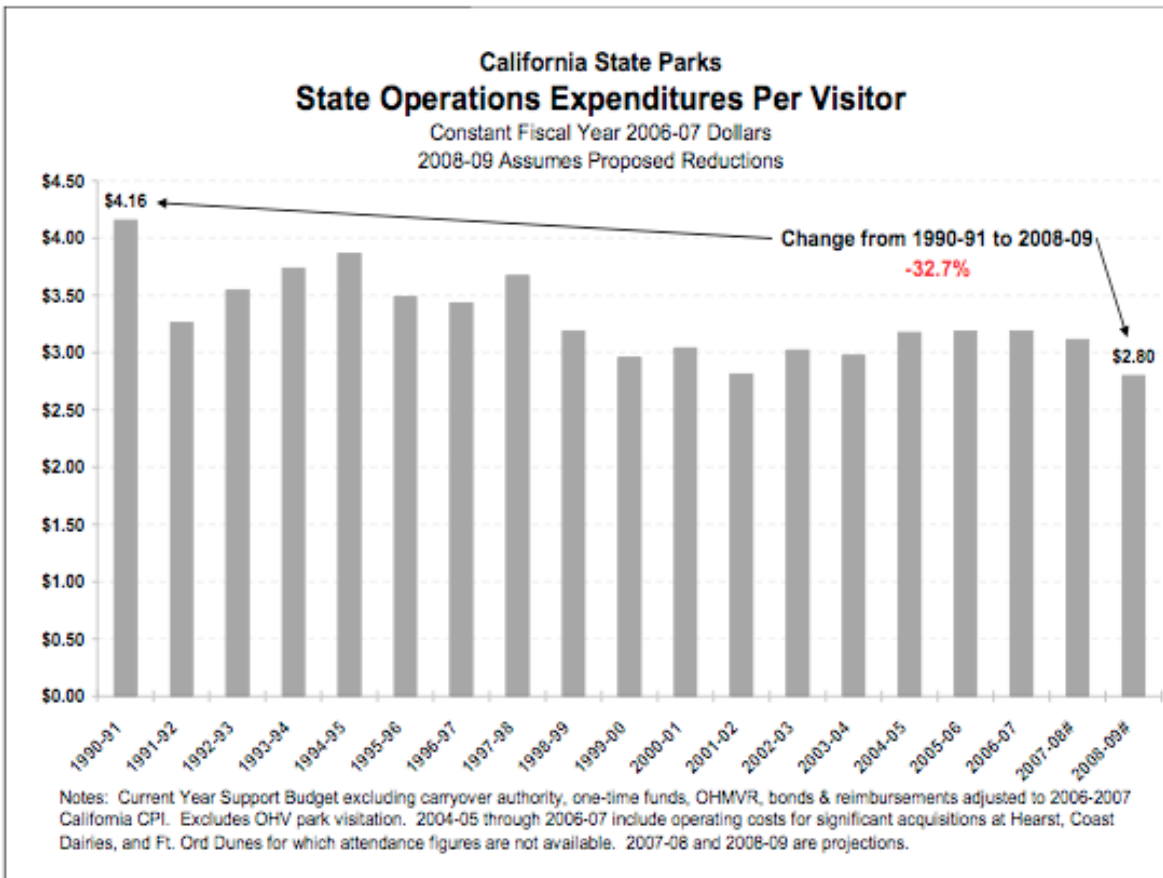
The Parks' Department provides a very important public good and service. The educational and recreational activities as well as the environmental stewardship of the Parks' Department allows residents and visitors to enjoy California's incredible resources in a responsible manner that ensure their continued preservation.

Although there are major fiscal constraints this year for the state budget, I urge the Governor's office and State Legislators to investigate additional funding sources as detailed in the budget recommendations and to lessen the disproportional General Fund reductions for the Parks' Department.

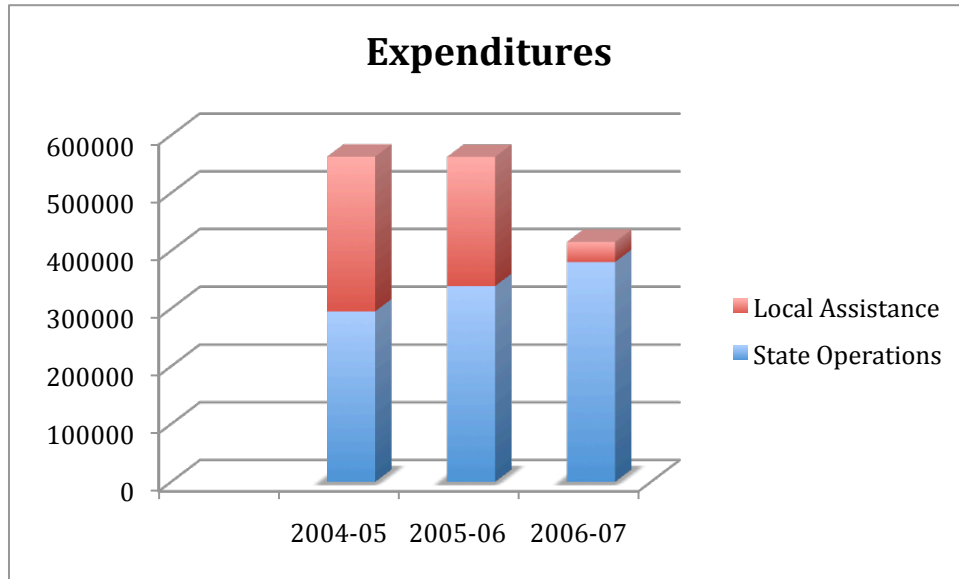
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# Appendix A

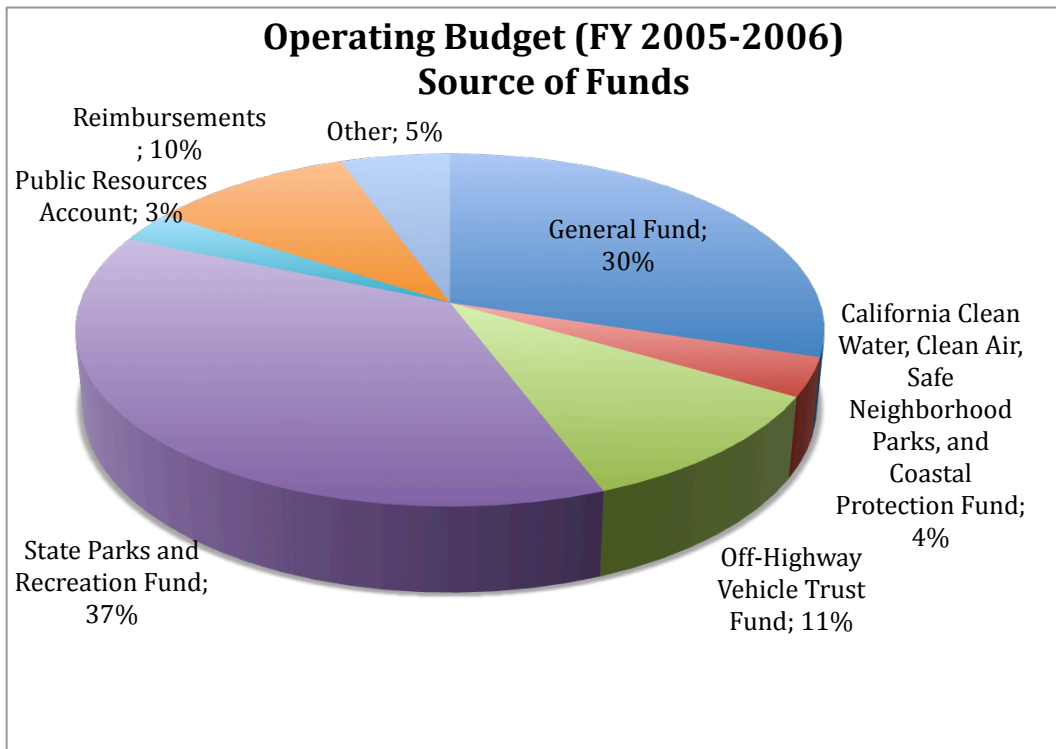
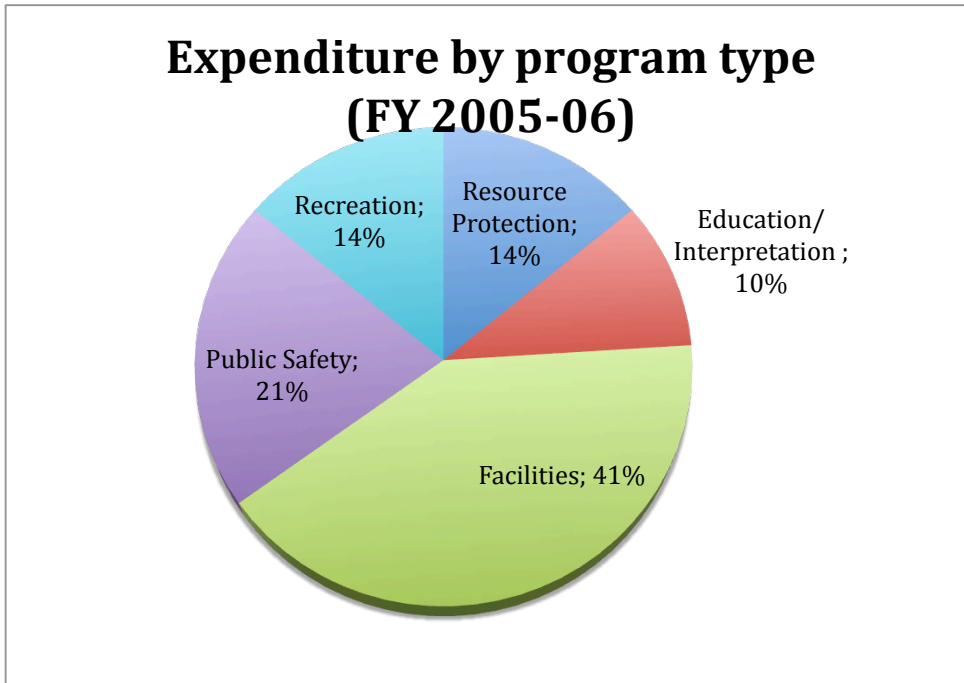


Appendix B  
State parks expenditures  
State Operations and Local grants

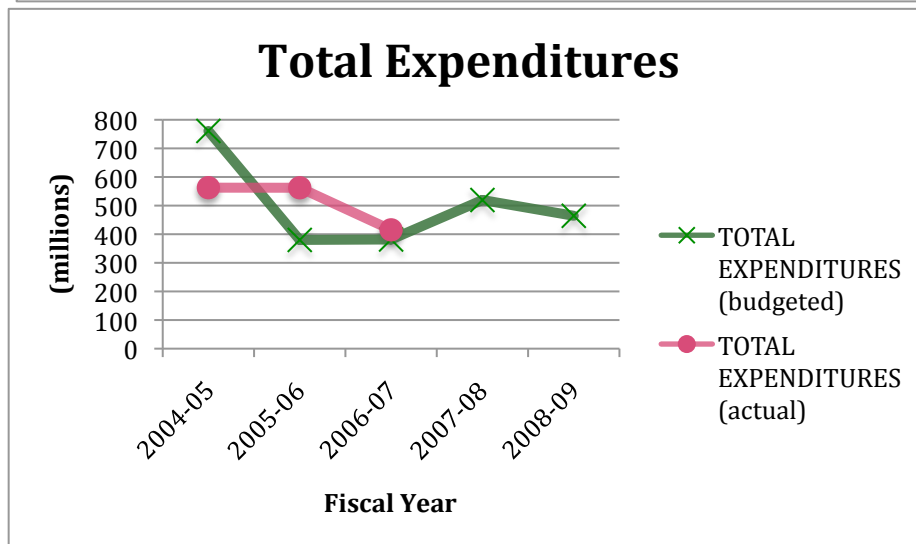
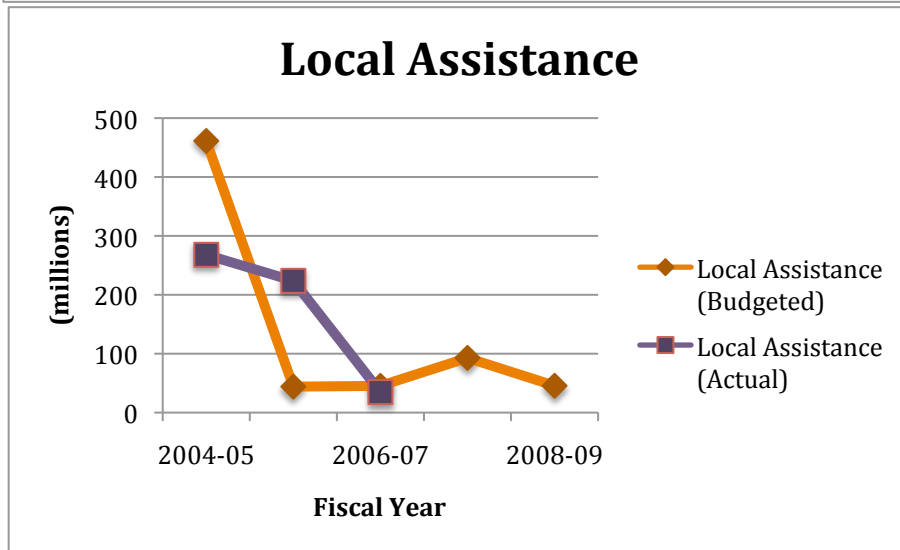
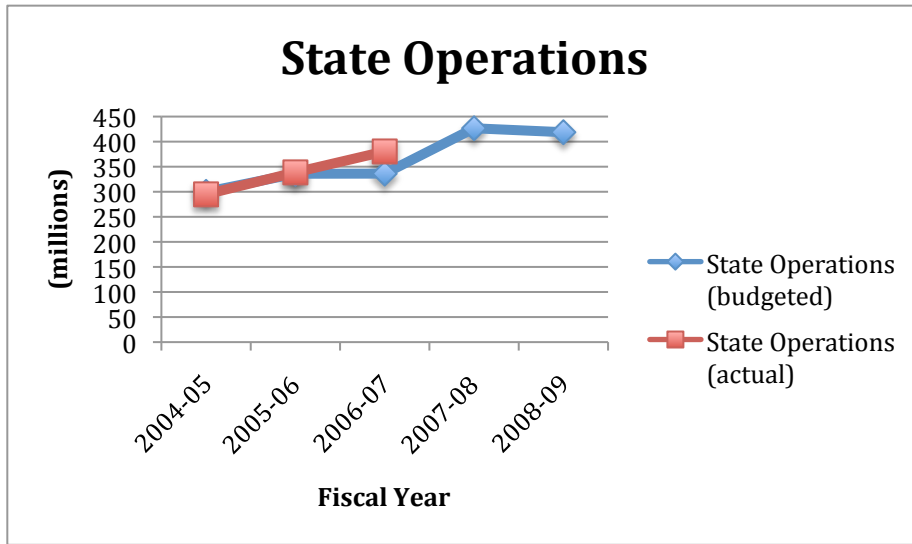


As State Parks funding has decreased, grants for local assistance have been severely cut-back.

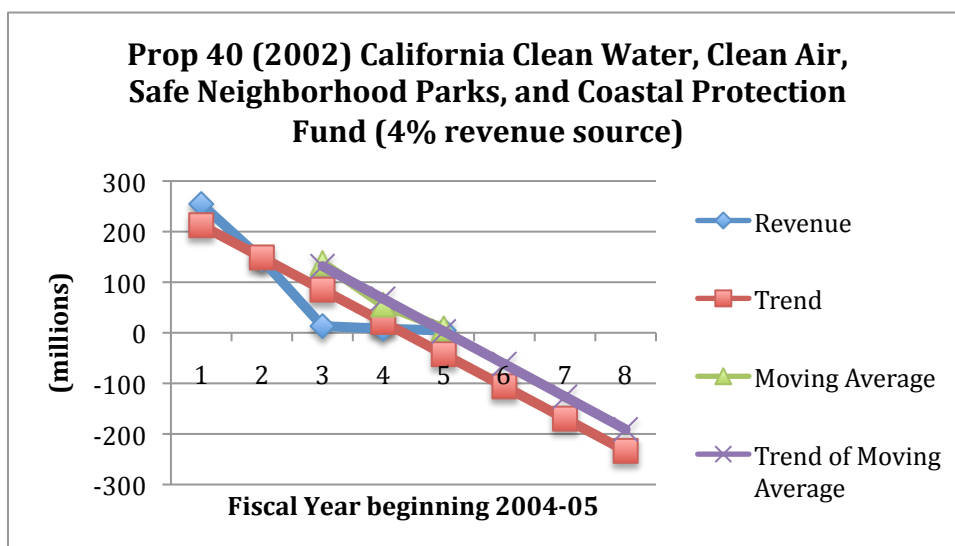
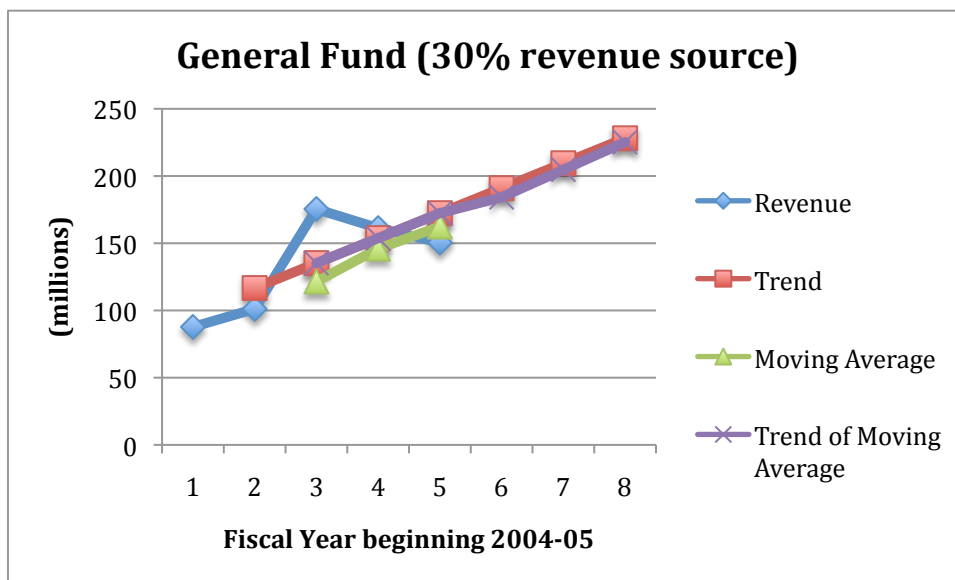
Appendix C  
Share analysis for expenditure programs and revenue sources



Appendix D  
Detailed variance analysis



Appendix E  
Detailed Forecasting



## Appendix F

### California State Department of Parks and Recreation budget history

