



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #445

Parks Account Funding (Natural Resources -- Forestry and Parks)

[LFB 2021-23 Budget Summary: Page 427, #9, 428 #10 & #11]

CURRENT LAW

State parks operations are funded primarily from the parks account of the segregated (SEG) conservation fund. Account revenues derive mostly from parks motor vehicle admission fees and camping fees. Parks revenue is also derived from other charges, including trail use fees, golfing at Peninsula State Park and swimming at Blue Mounds State Park. In addition, a portion of the revenue from the sale of patron licenses is deposited in the parks account to reflect the parks-related privileges granted to patron license holders, including an annual park vehicle admission, trail pass and Heritage Hill State Park admission.

These revenues fund the operations and maintenance of 77 recreational properties open to the public, including: (a) 45 state parks (another five state parks are state-owned but operated locally by municipalities or nonprofit groups); (b) 14 state trails (another 25 trails are state-owned, but locally operated and maintained); (c) two national scenic trails; (d) eight southern forests; and (e) seven recreation areas. The operating costs for the parks system include staff costs for: (a) park managers, who supervise the daily operation of state parks; (b) park rangers, who are primarily responsible for limited enforcement and skilled maintenance activities; (c) park naturalists, who develop and present the educational programs offered at the parks; (d) visitor services staff; and (e) maintenance personnel. Operations costs also include supplies for utilities, including electricity and fuel, sewer and water, cleaning, and maintenance. Limited-term and seasonal employees are utilized extensively in the state park system.

DISCUSSION POINTS

Parks Funding and Revenues

1. Prior to 1995, parks were funded equally from general purpose revenue (GPR) and parks account SEG. After several GPR reductions, 2015 Wisconsin Act 55 removed GPR support for parks operations. In 2014-15, GPR supported about 28% of parks operations. To offset this reduction, 2015 Act 55 raised parks admission fees, trail use fees, and camping fees.

2. Parks admissions fees are the largest source of revenue to the parks account. Parks visits have generally risen each year. As shown in Table 1, parks admissions have increased by 4.0%, on average, each year since 2011. Between 2019 and 2020, parks visits increased approximately 18.4%. It could be argued that this increase in admissions can have the deleterious effect of increasing strain on parks infrastructure. Without an increase in operations funding, DNR argues parks maintenance will decline and the quality of visitor experiences would decrease.

TABLE 1

State Park and Forest Admissions

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Reduced Rate	41,723	45,005	43,864	44,662	47,601
Resident Annual	149,102	161,555	154,428	158,070	170,650
Non-Resident Annual	<u>32,967</u>	<u>34,525</u>	<u>33,394</u>	<u>33,671</u>	<u>35,998</u>
Total Annual Stickers	223,792	241,085	231,686	236,403	254,249
Total Attendance	14,176,871	15,480,894	15,110,701	15,133,691	16,304,067
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Reduced Rate	47,969	49,133	49,087	103,363	100,946
Resident Annual	183,082	188,531	192,290	199,670	286,970
Non-Resident Annual	<u>35,734</u>	<u>36,672</u>	<u>40,280</u>	<u>43,458</u>	<u>105,290</u>
Total Annual Stickers	266,785	274,336	281,657	346,491	493,206
Total Attendance	17,460,007	17,957,983	17,062,623	17,480,971	20,698,941

3. Table 2 shows the estimated condition of the parks account through Committee action to date. The table includes actual revenues credited to the account through May 17, 2021. As shown in the table, revenues to the account thus far in the 2020-21 fiscal year are approximately \$1.9 million greater than all revenues collected in 2019-20. Revenues to the parks account are expected to exceed budgeted expenditures by an average of \$964,500 in each year of the 2021-23 biennium.

TABLE 2

Parks Account Condition

<u>Parks Account Condition</u>	<u>2019-20 Actual</u>	<u>2020-21 Budgeted</u>	<u>2021-22 Base Plus JFC</u>	<u>2022-23 Base Plus JFC</u>	<u>2022-23 Base Staff</u>
Opening Balance	\$8,818,700	\$7,901,000	\$9,901,700	\$10,740,400	
Revenue					
Parks Stickers	\$10,918,200	\$12,152,200	\$12,300,000	\$12,400,000	
Campsite Fees	8,397,600	10,104,700	10,200,000	10,300,000	
All Other Revenue	<u>3,850,700</u>	<u>2,902,500</u>	<u>2,900,000</u>	<u>2,900,000</u>	
Subtotal	\$23,166,500	\$25,159,400	\$25,400,000	\$25,600,000	
Available Balance	\$31,985,200	\$33,060,400	\$35,301,700	\$36,340,400	
Expenditures					
Parks, Recreation, and Interpretive Operations	\$15,148,400	\$16,678,700	\$17,106,900	\$17,106,900	111.45
Parks Development	946,900	-	-	-	
Department of Tourism	12,100	12,100	12,100	12,100	
Other	<u>1,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Subtotal	\$16,108,500	\$16,690,800	\$17,119,000	\$17,119,000	
Split-Funded Appropriations					
Internal Services	\$1,864,300	\$1,872,300	\$1,945,000	\$1,945,000	12.25
External Services	205,200	244,300	258,000	258,000	1.82
Division Management	1,624,500	1,704,400	1,837,200	1,711,500	15.19
Law Enforcement and Safety	2,026,200	1,957,600	2,156,200	2,156,200	14.90
Aids in Lieu of Taxes	135,900	135,900	135,900	135,900	
Debt Service, Maintenance, Development and Assessments	928,000	485,900	1,110,000	1,184,100	
Reservation Fees	<u>1,191,600</u>	<u>67,500</u>	<u>-</u>	<u>-</u>	
Subtotal	\$7,975,700	\$6,467,900	\$7,442,300	\$7,390,700	
Total Expenditures	\$24,084,200	\$23,158,700	\$24,561,300	\$24,509,700	155.61
Closing Cash Balance	\$7,901,000	\$9,901,700	\$10,740,400	\$11,830,700	
Encumbrances and Continuing Balances	\$2,358,700	\$2,358,700	\$2,358,700	\$2,358,700	
Closing Balance	\$5,542,300	\$7,543,000	\$8,381,700	\$9,472,000	

Parks Utility Funding

4. Increased parks visitations and campsite reservations have led to increased operations costs. 2019 Wisconsin Act 9 provided DNR with an additional \$1,095,800 in expenditure authority from the parks account to increase limited-term employee (LTE) wages, pay increased costs of supplies and services associated with new parks facilities, and pay increased costs associated with electrifying campsites.

5. DNR notes that the increased budget authority for electrical campsites and supplies provided funding for only newly-developed facilities and newly-electrified campsites. Funding available to pay for base electric and sewerage costs, however, has not been increased, even as the costs of these services has grown. Since 2015 Act 55 provided all funding for parks operations from the parks account, DNR reports that parks sewer costs have increased 76%, from \$50,100 to \$88,100. Parks electrical costs have increased by 11%, from \$445,400 to \$497,900. Additionally, DNR estimates that rising electrical costs have increased the cost of newly electrified campsites by \$4,500.

6. DNR notes that the Department has been able to absorb these increased costs by limiting the number of seasonal LTEs hired to work in parks. Additionally, the Department has reduced office hours at lower trafficked parks, closing park offices during certain weekday hours. While this reduces office hours, it limits the amount of revenues that may be collected, since parks staff are not available to sell admissions stickers to parks visitors.

7. Assembly Bill 68 / Senate Bill 111 would provide DNR with \$95,000 SEG annually to fund increased parks expenses. Given the increased cost of basic parks services, the Committee could consider increasing the parks operations budget by \$95,000 SEG annually [Alternative A1].

8. As noted above, 2019 Act 9 increased the parks operations budget by \$1,095,800 SEG. Of this, DNR indicated that \$125,000 would fund the cost of newly-electrified campsites. Given the recent increase in the parks operations budget, the Committee could consider providing funding for the increased electrical costs in the last biennium. Since fiscal year 2017-18, DNR reports that parks electrical costs have increased by \$22,900. Added to the increased sewer costs since 2014-15, the Committee could consider providing \$60,900 SEG annually for parks operations [Alternative A2]. Based on a standard LTE wage rate of \$12.98 per hour, this would allow DNR to pay increased electrical costs and sewer costs while hiring approximately nine LTEs.

9. Alternatively, the Committee could take no action [Alternative A3]. DNR would continue to absorb the increased utility costs within allotted budget authority.

Parks Staffing Agreement

10. DNR hires seasonal LTEs extensively in state parks. However, the Department has reported recruitment and retention issues in recent years. 2019 Act 9 increased the parks operations \$620,800 for LTE salaries and fringe benefits.

11. In the 1970s and 1980s, DNR hired inmates at state correctional institutions to work at nearby parks properties. Neither DNR nor the Department of Corrections (DOC) can provide additional detail on the program, such as the number of inmates who worked at the park properties or the reasons why the program ended. In recent years, DOC reports that inmates have provided volunteer community service work at park properties.

12. AB 68 / SB 111 would provide \$156,000 SEG annually to fund a program under which DOC inmates would work at state parks. DOC reports that the program would hire DOC inmates as parks LTEs. The inmate LTEs would earn the same wage that DNR pays other LTEs and the inmates would perform the same work, including parks maintenance, customer service, and other parks operations.

13. DOA reports that the program would fund two work crews, each with three inmates and a crew leader. In total, the program would fund an estimated 8,312 hours of LTE labor, as well as equipment and supply costs, as well as travel costs. DNR and DOC indicate that the program would likely be divided into a southern work crew, with laborers hired from the Thompson Correctional Center in Dane County, and a northern work crew, with laborers hired from the Gordon Correctional Center in Douglas County.

14. As noted above, DOC has worked with DNR in recent years to provide inmates to perform volunteer labor at DNR properties. Both agencies expect that the proposed program would be a more formal arrangement, allowing DOC laborers to work more regular hours. DNR notes that the program would help solve recruitment and retention issues while providing work experience and wages to non-violent inmates. Given DNR's need for parks workers and the potential benefits to DOC inmates, the Committee could consider providing \$156,000 SEG annually for the DOC-DNR staffing agreement [Alternative B1].

15. Given current practice of bringing inmate volunteers to perform labor in DNR properties, the Committee could take no action [Alternative B2]. DOC inmates could continue to volunteer in state parks as DNR needs arise.

Ice Age and North Country Trail Maintenance

16. The Ice Age Trail, which was established as a national scenic trail by Congress in 1980, is intended to preserve and protect glacially created features of the state. 1987 Wisconsin Act 98 made the acquisition, development, and operation of the Ice Age Trail a state priority, directing all state agencies to "consider the Ice Age Trail in the long-range plans for property owned by the state agency" [s. 23.17(5)(b)], and authorizing DNR to acquire land and easements and to coordinate with local governments, nonprofit conservation organizations (NCOs), and property owners to create a continuous trail across the state. The trail is maintained by the Ice Age Trail Alliance, a collection of several NCOs that coordinate trail maintenance.

17. The 1,225-mile Ice Age Trail runs a serpentine path through the state, running along the Niagara Escarpment and the Kettle Moraine from Potawatomi State Park in Door County to Rock County, where it turns north toward Devil's Lake State Park. From there, the trail continues north by northeast to Langlade County. The trail then turns west and crosses the Wisconsin, Eau Claire, and Chippewa Rivers before its western terminus at the Minnesota state line in Interstate State Park in Polk County. DNR has established a goal to acquire 9,673 acres within the Ice Age Trail project boundary, of which it has acquired 7,740.69 (approximately 80%) to date.

18. The 202-mile North Country Trail includes 132 off-road miles and 81 miles on roads. 67 miles of the trail run through the Chequamegon-Nicolet National Forest.

19. According to the UW-Whitewater Fiscal and Economic Research Center, the Ice Age Trail attracts and estimated 2.3 million visitors each year. While the trails are popular attractions that span the state, funds to develop and maintain the trails are limited. The state-owned sections of the national trails must compete against other state trails for maintenance and development funding available in the parks account for state trail projects.

20. DNR estimates that building a new trail section, including tree cutting, drainage development, grading and leveling, and finishing costs \$30,000 per mile. While the Ice Age Trail Alliance and North Country Trail Association can raise funds from other NCOs and can coordinate trail work with DNR, there is little state funding that can be provided to these private groups for trail projects. DNR is limited to awarding no more than \$20,000 from the friends group allotment of the Warren Knowles Gaylord Nelson Stewardship program for any single project. AB 68/SB 111 would provide \$135,000 SEG from the parks account annually for DNR to pay aids for national scenic trail maintenance and development. Additionally, the bill would allow DNR to obligate funding from the Department's \$1 million stewardship program Ice Age Trail acquisition allotment for maintenance and development projects.

21. DNR notes that is has been able to provide \$40,000 in grants for Ice Age Trail development since fiscal year 2017-18. The bill would increase parks operations funding to allow DNR to provide aids for trail maintenance. Given the limited funds available for trail maintenance as well as the popularity of the trail, the Committee could consider providing \$135,000 SEG annually from the parks account for trail maintenance [Alternative C1].

22. As noted above, to provide these trail aids, the bill would increase the parks operations appropriation. This appropriation has typically been used to pay salaries and fringe benefits for parks staff, as well as to fund utility costs and certain maintenance costs associated with parks and trails. It could be argued that it would be inappropriate to provide aids from this appropriation. Under this perspective, the Committee could consider creating a parks account-funded trail grant appropriation and funding it at \$135,000 SEG annually [Alternative C2].

23. Alternatively, the Committee could take no action [Alternative C3]. NCOs such as the Ice Age Trail Alliance and the North Country Trail Association are eligible to apply for funds under the local assistance grants stewardship subprogram. Additionally, DNR may fund trail maintenance from its parks and trails development appropriation.

ALTERNATIVES

A. Parks Utility Funding

1. Provide \$95,000 parks account SEG annually for increased utility costs in state parks.

ALT A1	Change to Base
SEG	\$190,000

2. Provide \$60,900 parks account SEG annually for increased utility costs in state parks.

ALT A2	Change to Base
SEG	\$121,800

3. Take no action.

B. Parks Staffing Agreement

1. Provide \$156,000 SEG from the parks account annually, including \$112,200 for limited-term employee salaries, \$25,200 for fringe benefits and \$18,600 for supplies and services to allow DNR to hire persons under the Department of Corrections' supervision as LTEs in state parks.

ALT B1	Change to Base
SEG	\$312,000

2. Take no action.

C. Ice Age and North Country Scenic Trail Maintenance

1. Provide \$135,000 SEG from the parks account annually for to provide aids to NCOs to maintain the Ice Age and North Country Trails.

ALT C1	Change to Base
SEG	\$270,000

2. Create an annual appropriation for aids to NCOs for trail development and maintenance. Provide \$135,000 SEG from the parks account annually.

ALT C2	Change to Base
SEG	\$270,000

3. Take no action.

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