

FEDERAL LANDS RECREATION ENHANCEMENT ACT

HEARING
BEFORE THE
SUBCOMMITTEE ON NATIONAL PARKS
OF THE
COMMITTEE ON
ENERGY AND NATURAL RESOURCES
UNITED STATES SENATE
ONE HUNDRED NINTH CONGRESS

FIRST SESSION

TO

REVIEW THE NATIONAL PARK SERVICE'S IMPLEMENTATION OF THE
FEDERAL LANDS RECREATION ENHANCEMENT ACT

FEBRUARY 17, 2005



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FEDERAL LANDS RECREATION ENHANCEMENT ACT

THURSDAY, FEBRUARY 17, 2005

U.S. SENATE,
SUBCOMMITTEE ON NATIONAL PARKS,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:30 p.m., in room SD-366, Dirksen Senate Office Building, Hon. Craig Thomas presiding.

OPENING STATEMENT OF HON. CRAIG THOMAS, U.S. SENATOR FROM WYOMING

Senator THOMAS. The committee will come to order.

Good afternoon. I want to welcome Lynn Scarlett from the Department of the Interior and our other witnesses at today's subcommittee hearing. Congratulations, Lynn, on your nomination as Deputy Secretary. I look forward to working with you in that capacity.

Our purpose for the hearing today is to have an oversight on the National Park Service's implementation of the Federal Lands Recreation Enhancement Act. I cannot overstate the importance of the recreation fees to the National Park Service. Since the inception of the program, the Service has collected over \$750 million in recreation fees. With these fees, over 5,000 projects have been implemented to improve services and to protect the resources and the visiting public.

As you know, the act was passed as part of the omnibus appropriations bill at the end of the 108th Congress. Hearings on the enabling legislation were never held in the Senate. The bill authorizes recreation fees to continue for 10 years in five bureaus, including the National Park Service. You will recall that the Senate bill was just for the park, and when it went to the House, then it was extended to include the other bureaus.

The recreation fee program began as a demonstration project in 1997. Bureaus such as the U.S. Forest Service and the Bureau of Land Management began collecting fees at locations where fees were never charged in the past. The public questioned the appropriateness of certain fees. At this time, I have asked that criteria be developed to limit when and where the fees can appropriately be collected.

The Recreation Enhancement Act includes criteria that will be applied during the next several months to decide which fees being collected under the demonstration program are allowed to continue,

which fees will cease, and new locations where fees may be collected. The new law also authorizes the formation of advisory boards to oversee the fee program and it establishes an annual pass called the America the Beautiful Pass.

The National Park Foundation has run the annual pass program for the National Park Service for the past 5 years. For a one-time fee of \$50, individuals could visit national parks throughout the Nation without having to pay separate entrance fees. For an additional \$15, the pass could be upgraded to include other public lands. The National Park Foundation has done a very good job, providing a high quality pass program to include a nationwide photo contest and outstanding marketing approach, while controlling the overhead and the administrative costs. As the National Parks Passport Pass is replaced by the America the Beautiful Pass, I want to make sure that the same visitor-oriented service and management efficiencies continue during the transition.

So we thank the witnesses for being here today, and we look forward to hearing the testimony.

Senator Akaka.

**STATEMENT OF HON. DANIEL K. AKAKA, U.S. SENATOR
FROM HAWAII**

Senator AKAKA. Thank you very much, Mr. Chairman. I look forward to this hearing with all of you and thank you for scheduling this hearing to review the National Park Service's plans to implement the new fee law enacted as part of last year's omnibus appropriations bill.

Since only a few months have passed since that law's enactment, I expect we will have more questions than answers at this point, but I look forward to learning more about the Park Service's plans on this issue.

I know the administration was eager to see the recreation fee demonstration program enacted as quickly as possible, and to do that, they went to the omnibus appropriations bill. However, it is unfortunate that this language was included as a last-minute addition by bypassing the normal legislative process. In this case, I am concerned that the haste to get this fee authority enacted has resulted in a confusing final product. It is my view that had this issue gone through the regular committee process, there would have been bipartisan agreement on many of the fee-related issues and would have resulted in a fee policy that would better serve the public.

Of all the Federal land management agencies, the National Park Service's implementation of the fee policy has been probably the most well organized, best accepted, and least controversial. I continue to support, as I have for many years, the Park Service's ability to charge reasonable fees and, most importantly, to retain those fees for vital park services. I am pleased that the new fee law maintains that authority.

However, other changes made by the new law may not be as productive. For example, one provision would replace the National Parks Passport that you helped created, Mr. Chairman, and the well-established agency-wide Golden Eagle and Golden Age Passports with a new America the Beautiful Pass. But the new law re-

peals the National Parks Passport program just as the National Park Foundation had established this very successful program. The new law makes no reference to continuing the Park Foundation's expertise on this issue and threatens to destroy what, in my opinion, was one of the few success stories with fees that the Department of the Interior had over the last few years.

I would like to raise just one other point involving this annual pass issue. Under the previous law, the National Parks Passport cost \$50 for unlimited park visits over a single year. If a passholder desires, the pass can be upgraded to a system-wide Golden Eagle Passport so they can go to National Forests or Bureau of Land Management lands as well, for an additional \$15, or a total of \$65. The new law makes clear that there can be no other national passes other than the new America the Beautiful Pass. It is hard to believe that the administration will set the fee for this new pass any lower than the existing Golden Eagle Passport at \$65, which means that, in effect, it will be an increase of 30 percent. It could be higher. This is a significant increase in 1 year, especially for people on limited incomes. Once this increase becomes apparent, I do not think it will be supported by the public.

Mr. Chairman, there are clearly many questions about how this new authority will be implemented, and I look forward to hearing more about this from our witnesses this afternoon. Thank you very much.

Senator THOMAS. Thank you, sir.

We will move on then to our first panel, which is the Honorable Lynn Scarlett, Assistant Secretary for Policy, Management and Budget, Department of the Interior.

Madam Secretary, welcome.

**STATEMENT OF P. LYNN SCARLETT, ASSISTANT SECRETARY
FOR POLICY, MANAGEMENT AND BUDGET, DEPARTMENT OF
THE INTERIOR**

Ms. SCARLETT. Thank you, Mr. Chairman, Senator Akaka, and other members of the committee, for the opportunity to discuss the National Park Service's implementation of the Federal Lands Recreation Enhancement Act.

As you have noted, we are at the very early stages of implementing the provisions of the new law, which was signed by President Bush on December 8 of just last year. As we move forward, I want to underscore that it is important that we create a process and outcomes that the American public, public land volunteers, and our key partners, such as the National Park Foundation and others, embrace especially with regard to the America the Beautiful Pass. We want to ensure that the production and marketing of the new pass, indeed, that all aspects of the pass meet the expectations of the public and of partners.

Just after passage of the new law, our interagency Recreation Fee Leadership council, which includes senior officials from Interior's agencies, as well as from the Forest Service, convened. The Rec Fee Council has approved an implementation plan and formed a steering committee to oversee day-to-day implementation of the new law. The plan sets forth time lines and designates staff with lead responsibility in four substantive areas. The include the na-

tional pass working group, fee collection and fee expenditure group, a working group focused on public participation and implementation of the recreation advisory councils, and an outreach and communications group. These four working groups are meeting regularly to ensure the smooth implementation of the new law.

We are moving quickly to implement those portions of the law that set parameters for locations where recreation fees are permitted under the new law. This was an area of significant concern to the Congress. All sites that charge recreation fees must conform to the infrastructure and other requirements of the law. We have already revised fee sites to conform to the requirements of the new law, though this process is still in progress.

For example, the Bureau of Land Management's Imperial Sand Dunes has eliminated recreation fees for two overlooks and a trailhead. The Gavin Point National Fish Hatchery no longer charges an entrance fee, and the Forest Service's Arapaho National Recreation Area no longer charges an entrance fee for the entire area, though it may charge a standard amenity recreation fee at specific localized, very developed sites. We anticipate that more changes will occur as we review and assess every recreation site on federally managed lands.

We are also working to ensure that the revenues generated from fees are spent on enhancing visitor facilities and services as called for in the new law.

Recreation fees, Senator Thomas, as you mentioned, over recent years have provided significant revenues to our national parks and other public lands. Under the new fee authority, we look forward to continuing those kinds of investments.

Many of our visitors express a strong desire for seamless opportunities to visit Federal lands and, indeed, have expressed confusion over the proliferation of passes over recent years. A key component of meeting this desire for seamless visitor opportunities is the interagency national America the Beautiful Pass established by the new law. It will be offered as a lifetime pass to seniors for a discount and to disabled individuals free of charge.

For the America the Beautiful Pass, we plan to provide adequate time to create a pass that generates enthusiasm and participation of our key partners, volunteers, and visitors to our public lands. We do not expect to completely transition to the America the Beautiful Pass until 2007.

During 2005 and 2006, we anticipate two parallel processes. First, we hope to work cooperatively with the National Park Foundation to distribute the Golden Passes and National Parks Passport under our existing contract until issuance of the America the Beautiful Pass. Second, we plan to discuss with the foundation the image competition for 2007, anticipating implementation for the America the Beautiful Pass in 2007.

I would like to commend the National Park Foundation for its outstanding efforts over the past several years to make the National Parks Pass successful. We would like to build on those experiences as we move forward.

We have already held two listening sessions to provide the public and members of the recreation community an opportunity to share ideas prior to implementation of the America the Beautiful Pass,

one such listening session just this week. Additional sessions are possible if the demand for such meetings is out there.

We expect to conduct market research to gather ideas that will inform pricing and other production and marketing decisions. We will use that research to help refine objectives for the program and develop potential performance metrics for the pass, as well as to help make decisions about how to meet our objectives. These objectives will include elements identified directly from the act, such as creating an interagency pass that provides for seamless visitor experiences, but the objectives will also include less obvious goals, such as how to help agencies build volunteerism and use the pass to maintain and support our public lands.

One issue that is generating interest is the price of the pass. Through our market surveys, we will examine that issue and come forward with a figure that we think will be acceptable to the public.

I will conclude by saying that all agencies are part of the technical working groups that I described. The new act presents tremendous opportunities to continue to enhance visitor experiences on public lands. Implementation, however, of the provisions of the act is a dynamic process. We will be continuing to improve over time as we move forward.

Mr. Chairman and members of the committee, we would like to extend our thanks to you for all of your efforts through the years to support park maintenance backlog, our national parks and our other Federal lands.

I would be pleased to answer any questions you might have.

[The prepared statement of Ms. Scarlett follows:]

PREPARED STATEMENT OF P. LYNN SCARLETT, ASSISTANT SECRETARY FOR POLICY,
MANAGEMENT AND BUDGET, DEPARTMENT OF THE INTERIOR

Mr. Chairman, thank you for the opportunity to discuss the National Park Service's implementation of the Federal Lands Recreation Enhancement Act (Public Law 108-447) (FLREA). Since the bill was signed into law by President Bush on December 8, 2004, as part of the Omnibus Appropriations Act of 2005, the Department of the Interior (DOI), the U.S. Department of Agriculture (U.S.D.A.) and the participating agencies—the National Park Service (NPS), the Bureau of Land Management (BLM), the U.S. Fish and Wildlife Service (FWS), the Bureau of Reclamation (BOR), and the U.S.D.A Forest Service (Forest Service)—have begun the implementation process. Implementation of the law is a multi-agency, multi-Departmental effort, but the National Park Service will play a prominent role, given its long history of building a successful recreation fee program and its experience in administering the National Parks Pass.

Our federal lands provide Americans and visitors from around the world special places for recreation, education, reflection, and solace. Ensuring that the federal lands continue to play this important role in American life and culture requires that we maintain visitor facilities and services and enhance visitor opportunities. Such efforts require an adequate and steady source of funding that can quickly respond to increases in visitor demand. Recreation fee revenues are a critical source of such supplemental funding. FLREA will significantly enhance the Departments' efforts to address the deferred maintenance backlog at our National Parks and will enable us to better manage other federal lands.

Implementation of a well-run and streamlined recreation fee program that maximizes benefits to the visiting public is a top priority for the Departments. On December 17, nine days after FLREA was signed into law, the interagency Recreation Fee Leadership Council (Fee Council) convened and approved an Implementation Plan. The Fee Council, whose members include key officials of both Departments, was created in 2002 to facilitate coordination and consistency among agencies on recreation fee policies. Our Implementation Plan includes the creation of a Steering Committee to oversee day-to-day implementation, as well as several technical work-

ing groups for each of the key areas. The Fee Council created the following technical working groups:

- National Pass Working Group
- Fee Collection/Fee Expenditure Working Group
- Recreation Resource Advisory Committees (RAC)/Public Participation Working Group
- Communications Working Group

The Implementation Plan, a dynamic working document, sets forth preliminary implementation timelines by identifying short-term, medium-term, and long-term tasks and designates staff with the lead responsibility to accomplish those tasks. The working groups are drafting guidance, developing detailed action plans, and discussing key issues to ensure compliance with the new law. One of the short-term tasks of the Fee Collection/Fee Expenditure Working Group is to ensure that all sites that charge recreation fees conform to the infrastructure and other requirements of the new law. Although this review continues, the following are examples of sites that have made changes to their fees under FLREA:

- Gavin Point National Fish Hatchery (FWS) no longer charges an entrance fee.
- Arapaho National Recreation Area (Forest Service) no longer charges an entrance fee for the entire area, but may charge a standard amenity recreation fee at localized developed sites.
- At Imperial Sand Dunes (BLM), recreation fees for two overlooks and a trail-head were eliminated.
- Quaker Lake Visitor Center and Lewis and Clark Visitor Center (Forest Service) no longer charge for children under 16 years of age.

Implementation efforts that will require longer timeframes to implement include establishment of RACs and the implementation of the America the Beautiful Pass—National Parks and Federal Recreational Lands Pass (the America the Beautiful Pass). Successful implementation requires that we provide opportunity for public input. The RAC Working Group will need to closely coordinate on the nominations process with states, counties, and the numerous recreational, tourism, and other groups interested in serving on the RACs.

With regard to the implementation of the America the Beautiful Pass, a number of organizations have expressed both interest and concern. We want to ensure that the production, marketing, and provisions of the new pass meet the expectations of the American public and key partners such as the National Park Foundation, our wildlife refuge associations, and others. Because of significant interest by the public and partner organizations, the National Pass Working Group has hosted two “listening sessions” to provide the public and members of the recreation community with an opportunity to share ideas about the implementation of the America the Beautiful Pass. Additional sessions may be scheduled, as needed.

HIGHLIGHTS OF FLREA

FLREA provides 10-year, multi-agency authority for NPS, BLM, FWS, BOR, and the Forest Service to charge recreation fees and reinvest a majority of those fees into enhancing visitor services and facilities at the site of collection. A 10-year authorization provides the certainty needed to make long-term investments in an integrated system and create more partnerships. Creating a multi-agency recreation fee program allows us to provide a more streamlined recreation experience for the visitor and is consistent with other efforts by the Departments to integrate recreation opportunities. FLREA also is consistent with surveys that show that visitor support of recreation fees is strong when the fees are reinvested to enhance visitor facilities and services at the site of collection.

The recreation fee program is not new. All of the agencies with the exception of BOR had broad recreation fee authority under the Land and Water Conservation Fund (LWCF) Act of 1965 as well as under the Recreation Fee Demonstration Program (Fee Demo) launched in 1996. Some important distinctions distinguish FLREA from these earlier authorities. While recreation fees collected under LWCF went to the U.S. Treasury, recreation fees collected under FLREA are reinvested at the collecting site to benefit the visitor through enhanced facilities and services. Unlike the Fee Demo program, FLREA also limits fee authority to locations with specific kinds of infrastructure and services. For example, the BLM, Forest Service, and BOR may only charge fees at sites and for activities that meet certain specified criteria. For these agencies, certain fees may not be charged for general access, dispersed areas with low or no investment, undesignated parking, or picnicking along roadsides or trails. FLREA also requires that the Departments establish RACs so the local community, the recreation community, and the general public can provide input into

fees established by BLM and Forest Service. The RAC Working Group has developed an options paper for implementing the RACs and is exploring how to provide interested participants an opportunity to have input into the process.

FLREA recognizes that the recreation fee programs for the NPS and the FWS have enjoyed widespread acceptance. Hence, the law allows for a fee structure similar to Fee Demo to continue for these agencies. FLREA does make some program-wide changes, such as requiring the agencies to better communicate with the public on the establishment of fees and how fees are being used to enhance the visitor experience. We recognize that, through the years, inconsistent interpretation of fee authorities has resulted in a system that can sometimes be confusing and frustrating for the visitor. In implementing FLREA, we have an opportunity to create a more transparent recreation fee program and ensure that we are better addressing the expectations of the visitor.

FLREA also provides general authority to establish fee management agreements with governmental or non-governmental entities. We believe tremendous potential exists to develop mutually beneficial partnerships through the recreation fee program. One example of an existing partnership is in Jackson Hole, Wyoming. NPS currently cooperates with other federal agencies, the Jackson Hole Chamber of Commerce, the Grand Teton Natural History Association, the Rocky Mountain Elk Foundation, and the Wyoming Game and Fish Department to operate the Jackson Hole and Greater Yellowstone Interagency Visitor Center. The partners work together to staff the center, provide visitor services, and develop a wide range of exhibits and interpretive programs for their 300,000 visitors. Every agency has developed a number of successful partnerships. We look forward to working with governmental and non-governmental entities to explore other opportunities to expand such mutually beneficial agreements.

The primary change in the recreation fee program for the National Park Service is the expansion of the National Parks Pass into a multi-agency America the Beautiful Pass. The new law builds upon innovations generated through the National Parks Pass, such as the annual image competition, allowing private vendor sales, and requiring active marketing of the pass. The new America the Beautiful Pass will retain the professional look and feel of the National Parks Pass, while creating a more streamlined pass program, reducing visitor confusion, and emphasizing recreation opportunities on all federal lands. Increasingly, our surveys and experiences show that more and more visitors seek interagency recreation opportunities. Many visitors have expressed frustration at the inability to use a National Parks Pass on other federal lands, or they have expressed confusion about the many different passes. The new national pass will overcome these problems. This shift aligns with other efforts by the Departments to streamline and integrate recreation opportunities, such as through the National Recreation Reservation Service and Recreation One-Stop.

FLREA specifies that the America the Beautiful Pass will cover entrance fees for NPS and FWS and standard amenity recreation fees for the BLM, Forest Service, and BOR, generally for a period of 12 months. Discounts for seniors and free passes to individuals with disabilities will continue in a lifetime pass. The National Parks Pass, Golden Eagle, Golden Age, and Golden Access passes will continue to be sold until the new pass is made available, and existing passes will remain valid under existing benefits until expired, lost, or stolen. FLREA provides general authority to enter into fee management agreements, described above, as well as specific authority to enter into cooperative agreements concerning the development and implementation of the America the Beautiful Pass.

FLREA requires agencies to develop guidelines on the price, distribution of revenues among agencies, benefits provided by the pass, marketing and design, documentation for age and disability discounts, and issuance of passes to volunteers. To provide consistent visitor services, the law requires agencies to sell passes at all units where entrance and standard amenity fees are charged. Administrative, overhead, and indirect costs are capped at an average of 15 percent of total revenues for the program overall. FLREA authorizes the use of fees collected by any of the agencies to supplement administration and marketing costs of the America the Beautiful Pass for five-years. Unobligated funds from the National Parks Pass also are authorized to be used to pay any outstanding costs associated with the National Parks Pass.

Mr. Chairman, we recognize that changes to the recreation fee program under FLREA have generated some uncertainty as well as new hopes and expectations among federal lands visitors, partners, and associations. We wholeheartedly welcome the comments and ideas of these individuals and organizations. We want their involvement in helping us implement an America the Beautiful Pass program, in-

cluding its production and marketing, which benefits the public, expands awareness of our federal lands, and builds additional support for federal lands.

HISTORY OF THE PASSES

The purpose of recreation passes originally was to create a convenient system of payment for entrance fees to recreation sites managed by different federal agencies. To a certain extent, passes offer a means of providing visitors with a consistent package of benefits at a defined set of recreation sites. The Golden Eagle Pass, the current annual multi-agency national pass, was created in 1965 under LWCF. The original price was \$7, which has increased over the last 40 years to its current price of \$65. In 1999, prior to introduction of the National Parks Pass, the agencies sold approximately 224,000 Golden Eagle Passes for revenues totaling approximately \$11 million. In 2000, after the National Parks Pass was introduced, marketing of the Golden Eagle Pass declined. As a result, Golden Eagle Pass sales in 2000 dropped from 224,000 to 54,000 and revenue decreased from \$11 million to \$3.5 million. That same year, National Parks Pass sales totaled approximately 203,000 and brought in \$10 million in revenue. During this time, the cost of the Golden Eagle Pass also was raised from \$50 to \$65 to align with price of the National Parks Pass. The National Parks Pass was set by statute to cost \$50, and it seemed inconsistent to charge the same price for the Golden Eagle, which provided greater benefits.

During the peak of the Golden Eagle Pass sales in 1999, the Golden Eagle Pass provided entry to 140 NPS sites, 32 FWS sites, 7 BLM sites, and 18 FS sites. Today, the Golden Eagle Pass provides entry to 150 NPS sites, 32 FWS sites, 18 BLM sites, and over 1500 FS sites. This expansion in benefits from 197 to over 1700 sites is the result of agencies administratively reviewing all fees and finding ways to improve visitor service by increasing the coverage of various passes. These efforts continue. Through the creation of the America the Beautiful Pass, FLREA provides the opportunity to combine the expanded benefits of the Golden Eagle Pass with the professional design and marketing of the National Parks Pass and to eliminate confusion over the various current passes.

In 2004, in-park sales accounted for 86 percent of the sales of the National Parks Pass, retail partners for 6 percent, internet sales for 7 percent, and call centers for 1 percent. Approximately 21 different umbrella organizations representing over 165 on-line transaction partnerships have promotional retail relationships, mostly consisting of weblinks to the National Parks Pass website. Commissions ranging from zero to 20 percent have been established based on sales volume and marketing contributions.

IMPLEMENTATION ISSUES ASSOCIATED WITH THE AMERICA THE BEAUTIFUL PASS

The National Pass Working Group has set a preliminary target date for transition to the America the Beautiful Pass for 2007. Visitor confusion over the passes may exist during this period, so we are working to ensure that the transition is as seamless as possible and that we provide the public with adequate information on the validity of existing passes as well as the availability of the America the Beautiful Pass.

The National Pass Working Group has identified three broad issue areas: Marketing and Design, Pricing Issues, and Operational Issues. Sub-issues related to marketing and design include the creation of a marketing plan, the details of the image competition, the design of the pass, production of the pass, and supplementary materials that would accompany the pass. Sub-issues related to pricing include the price of the pass, policies for review and approval, documentation for discounts, third party sales, refunds, group sales, fraud policies, and pass use data collection. Sub-issues related to operations include inventory, accountability, ordering, shipping, handling, and destruction. Other issues related to multi-agency management of the program, such as distribution of revenues, validation, and sales incentives also must be addressed.

One issue that is generating interest is the price of the pass. The National Pass Working Group will examine this issue very carefully, taking into consideration past studies and surveys, data related to pricing of other national passes, and the relationship to other recreation fees and site-specific passes. Other surveys, studies, and market analyses will be conducted as necessary. Another issue of concern is the distribution of revenues among agencies. We understand the distribution of revenues has a relationship to sales at sites by agencies. A key goal will be to ensure that the revenues from the pass are distributed fairly among agencies, based on the best available data.

In examining these issues, the National Pass Working Group is reviewing the timeframes, structure, role of partnerships, and experience and the expertise of NPS

and the National Park Foundation in developing the National Parks Pass. As you know, the National Parks Pass was created in Section 502 of the National Parks Omnibus Management Act (National Parks Omnibus), which passed in October 1998. The Act specifically allowed the Secretary to enter into agreements with the National Park Foundation to develop and implement the National Parks Pass and permit third party vendors to collect a commission. The NPS entered into a non-competitive contract with National Park Foundation. Within eighteen months after enactment of the Act, in April 2000, the pass became available for sale. Unlike the statute authorizing the National Parks Pass, which mentions the National Park Foundation by name, FLREA does not specifically name any entities concerning pass development. At this time, our preliminary plan is to select an organization or organizations to develop and implement the America the Beautiful Pass through an open competition.

The National Parks Pass program has provided useful experiences to build upon as we implement the America the Beautiful Pass. In 2001, McKinsey and Company, Inc. completed a study of the NPS recreation fee program. The NPS also began collecting pass use data at select parks in 2003. Through these efforts, we have learned that:

- Some data suggests that National Parks Passes are purchased more for discounted entrance and convenience than for stewardship.
- Pricing of the pass has a direct effect on entrance fee pricing.
- A price of \$50 negatively impacts revenues for higher entrance fee parks.
- Acceptance of the pass negatively impacts revenues for parks that collect both a transportation and an entrance fee at the time of entrance. Transportation fees are charged specifically to fund required or optional transportation systems.
- Sales, use data, and geographical use patterns should be considered when developing a revenue distribution strategy.
- Revenue incentives for field sites that sell and accept passes are critical to a successful program.
- A professionally marketed product increases sales and can provide important visitor data.
- Marketing materials should clearly identify where and when passes are accepted to reduce visitor confusion.
- Field guidance relating to protocols for ordering, destruction, and reporting should be clearly established and conveyed during implementation.
- Contracts or agreements to produce and market the pass must provide very specific performance parameters and administrative guidelines for the pass.
- Close coordination among agencies and with any third-party entities involved in the image competition, design, production, marketing, and fulfillment processes is imperative.

While the Departments plan to move as expeditiously as possible toward implementation, our primary goal is to create a high-quality, well-thought-out, visitor-friendly pass program that is enthusiastically embraced by partner organizations and the public. Creating a successful pass program will require us to address many complex issues. We plan to carefully consider our past experiences, the National Park Foundation's expertise in the development of the National Parks Pass, various studies conducted by the agencies on passes and the recreation fee program, and feedback from members of Congress, the recreation community, and the general public. The "listening sessions" sponsored by the Departments were designed to provide an open forum for such a discussion. We look forward to continuing the dialogue with any interested parties as the Departments move forward on implementation.

The recreation fee program is vital to our ability to meet visitor demands for enhanced facilities and services on our federal lands. The Departments view the passage of FLREA as the beginning of an important opportunity to create a sensible, visitor friendly, efficient recreation fee program. We view FLREA as a dynamic program that responds to lessons learned and builds on success stories. We welcome the opportunity to work with you toward this end.

Mr. Chairman, we would like to extend our thanks to you for all of your efforts through the years to support our National Parks and other federal lands. I would be pleased to answer any questions you or other members of the Subcommittee may have.

Senator THOMAS. Since you are the only one on this panel, if you need to take a little more time—

Ms. SCARLETT. That is all right. It might be better just to have the give and take of questions.

Senator THOMAS. All right. Before we do that, I will call on the Senator from Colorado to see if you have any opening comments, sir.

**STATEMENT OF HON. KEN SALAZAR, U.S. SENATOR
FROM COLORADO**

Senator SALAZAR. Thank you very much, Senator Thomas, and thank you, Ms. Scarlett, for appearing before the committee today.

My concern—and maybe this will lead to an answer from you—has to do with how we are funding access to our public lands around the West. Where I come from in Colorado, we have huge public land resources that we value and that we treasure. In my former days as executive director of the Department of Natural Resources, we had an ongoing debate in my State about what kinds of investments we ought to be making as a State in facilities that were owned for State parks. At that time in Colorado, we had a division between what the general fund would provide for our State park system, which was essentially 30 percent general fund, and then 70 percent that we would generate from fees. Now over the last several years, because of budgetary issues and the philosophy of my Governor and others, that has changed. So now we have gone to a system in Colorado where State facilities at parks are funded exclusively through fees, and there is no support from the general fund.

The concern that I had with that process is that I thought it limited access to public lands and to public facilities by people who would otherwise want to use those facilities. Also, it created an unnecessary burden on people who wanted to come and use park facilities and simply could not afford them.

In any event, I am wondering, given the fact that these issues are so big for us in the West, I think that we need to be very thoughtful about how we move forward in a process that ultimately ends up creating a fee for access to our public facilities. Just based on the legislative history of the America the Beautiful Pass, I am not certain that you have gotten to the point where I am at all comfortable with where you are and where the Department of the Interior and the related agencies intend to proceed on this matter.

Senator THOMAS. Thank you.

We will take some questions now. Are you aware yet of any specific sites where fees have been collected that were in the demonstration project that under this program will no longer be applicable?

Ms. SCARLETT. Yes, Senator. We have asked immediately all of our agencies to inventory their sites and look at them for conformity with the new statute. As a result of that, the Fish and Wildlife Service has eliminated fees at one fish hatchery. The national forests have eliminated fees, as I mentioned, at Arapaho National Forest, although they may be exploring having a fee at a specific location where there is a highly developed infrastructure. The Bureau of Land Management has eliminated fees at two overlooks at Imperial Sand Dunes, and the Forest Service has also eliminated some fees. They were charging fees for students, and the new law requires that no fees be charged for people 16 and under. So they have eliminated some of those fees.

We expect some additional changes. The Forest Service itself has 1,500 sites, and they are inventorying them one by one.

Senator THOMAS. They are going to be charging at 1,500 different sites?

Ms. SCARLETT. There are 1,500 specific sites where the Forest Service has some fee. Now, that could be an individual location within a large forest.

Senator THOMAS. Of course, as you know, the basis of some of the controversy was that if anybody wanted to just walk on the forest somewhere, that the fee was not appropriate, and we hope that that is the case when this is finished, that there is some kind of a visitors development, a visitors facility that would justify the fee.

You talked quite a bit about the pass. When will the implementation of the basic law go into place?

Ms. SCARLETT. We anticipate that the new pass, the America the Beautiful Pass, would actually start in 2007. The reason for that time line is several-fold. First, there is a long lead time. The law does call for the photo contest, the image contest, and there is a long lead time, 1 year to 18 months, to actually effectively do that. Second, as we have heard issues, concerns, and uncertainties by the public, we felt it very important to have a public process, and hence we have been having listening sessions. So we will be transitioning, continuing with the existing pass through the next year and a half and then starting with the new pass in 2007.

Senator THOMAS. But all the entrances are not by passes.

Ms. SCARLETT. That is correct.

Senator THOMAS. You can go in and buy one entrance fee. When will that begin then?

Ms. SCARLETT. The single entry fees are effective right away. For the most part, those fees either are already being charged. 60 percent of park sites have some sort of fee. To Senator Salazar's comment, about 11 percent of BLM locations have fees, 89 percent do not. Those will continue but we will pull out of that any that do not conform with the law.

Senator THOMAS. Good.

Ms. SCARLETT. And that right away. Our goal is to do that immediately.

Senator THOMAS. I think there is a 15 percent limitation on the use of these dollars for administrative fees. Is that correct?

Ms. SCARLETT. That is correct.

Senator THOMAS. Is that a reasonable level? Can you achieve that?

Ms. SCARLETT. Right now between the different agencies, their administrative overhead costs, if you will, range from 13 percent to 21 percent. However, as we have looked at this in the wake of passage of the act, we find that they are counting different things as overhead. So the first thing that we are going to do is to do a kind of data definition on what constitutes indirect costs, then tally up what those are. I think at this point we feel reasonably confident that 15 percent is reasonable, but we will know a little bit more when we finish that data process.

Senator THOMAS. I suppose there are ways, as you say, to put different things into it, but it does seem as if that is very adequate for simply the collection of the fees.

Senator Akaka.

Senator AKAKA. Thank you very much, Mr. Chairman. I want to also welcome you here and congratulate you for what has been happening recently with respect to your nomination.

As I mentioned in my opening statement, one of the concerns I have is the likely increase park visitors will have to pay for an annual pass under the new fee program. After reviewing your written testimony, I am even more concerned that there will be significant increases in the cost of an annual pass. Am I correct in assuming that the administration will not set the price of the new pass below the \$65 currently charged for a Golden Eagle Passport and, based on your testimony, may consider an even higher annual fee?

Ms. SCARLETT. Senator, we have not determined what the fee for the America the Beautiful Pass will be and, in fact, are very cognizant of the need to ensure complete accessibility and affordability. Consequently, we will be doing some marketing studies and research before we actually set the fee.

I will add that the new law does also provide for some regional passes that could be very beneficial to the public and also be available at very affordable cost. For example, if you live right here in the metropolitan D.C. area and you want to go to the George Washington National Forest to places that might have infrastructure and visitor services or to Shenandoah, one prospect would be that you would have a regional pass at very affordable cost for that. So we envision a spectrum of opportunities, as well as, of course, the ongoing ability to just go to a site-specific place and have the entrance fee.

But affordability is very much front and center stage, and I would like to reassure you that we certainly do not want to do anything that adversely affects visitation.

Senator AKAKA. I asked that question because I was concerned about how we would justify it to the 400,000 people who purchased National Parks Passes last year, that they must pay 30 percent more. But as you said, it has not been set.

Ms. SCARLETT. Correct.

Senator AKAKA. By almost everyone's account, the National Parks Pass has been one of the Park Service's success stories, as I mentioned, in recent years, with sales about double what they were when the pass was created. Visitors who wanted the option to access other Federal lands had the option of upgrading to a Golden Eagle Passport, and those who were content with visiting only parks could stay with the National Parks Pass. Will you please explain why it is a good idea to take away the visitor's choice in this matter and force them to pay a higher fee, if the fee is higher?

Ms. SCARLETT. Senator, over the last several years, as we have operated the recreation fee demo program, one of the things that became increasingly clear as we did visitor surveys was that many visitors were very confused about the multiplicity of passes. We probably had actually more complaints about people who would buy a National Parks Pass and then not understand that there were different Federal agencies that managed different lands, and they would show up at the Forest Service and think that the Park Pass was applicable there. So that complexity and confusion was

a significant driver behind ultimately our support for the America the Beautiful interagency pass. We thought it would reduce that confusion and still give a very affordable option, coupled with some of these regional options, and then of course, site-specific fee options.

Senator AKAKA. The Park Service has indicated it spent about \$1 million to set up the National Parks Pass program. Do you have any estimate as to what it will cost to create this new pass program?

Ms. SCARLETT. I do not have estimates at this time. Our technical working group is just getting underway. We do hope to build significantly from the experiences that we have had both with the Golden Eagle Pass and the National Parks Pass so that we do not reinvent the wheel. But at this time, I would not have a dollar figure for you.

Senator AKAKA. My time has expired, Mr. Chairman.

Senator THOMAS. Senator Salazar.

Senator SALAZAR. Thank you very much, Mr. Chairman and Senator Akaka.

Ms. Scarlett, let me just ask a question about how the division of funds collected will take place among the different four or five agencies that are actually involved in the pass. First of all, where will the money come to? Who will be the collecting agency? Will it be the Foundation? Will it be Interior? And then second of all, how will the determination be made as to how the money goes out to the various agencies?

Ms. SCARLETT. I hate to sound like a broken record here, but we have not determined those technical details yet. We have a working group addressing specifically that issue. But let me step back and give you some of the principles under which that working group is moving forward.

It is absolutely imperative, we think, that as fees are collected, they do, of course, go back on the ground where the visitation is occurring. That has been a significant issue that we have heard from the public. They are happy to pay fees as long as it is getting back on the ground.

We do have some experience both with the National Parks Pass and the Golden Eagle Pass in trying to allocate those national passes rather than the site-specific fees. We will be building from that experience and probably it will be based on a combination of where the visitation is occurring, as well as where the pass is purchased, but the idea is to get the fees fairly and equitably allocated primarily where the visitation is occurring.

Senator SALAZAR. How will the revenue that comes in and then goes out be divided between administrative costs and costs of personnel and capital construction expenses within the park facilities or other facilities that are within the list?

Ms. SCARLETT. The provisions of the law actually restrict the overhead, the administration to 15 percent of the revenues collected. So we will be striving to conform. Well, we will conform to those provisions. The remainder, as was the case with the previous fee demo moneys, would be distributed 80 percent to the individual sites and then 20 percent can be retained for distribution more broadly across the land agencies. That is for the site-specific fees.

For the pass distribution, apart from the administration costs, that is precisely the formula that we will be working out, but it will be based on visitation and related kinds of factors, where is the visiting occurring, where are the passes being purchased, and allocating the money to those locations.

Senator SALAZAR. Ms. Scarlett, you are the representative here of the Department of the Interior, and I look forward to considering you for your new position very soon in the confirmation process.

But in terms of the process that was used last year to get this legislation enacted, do you have any misgivings about how that legislation actually went through this Congress? My sense of what happened—and I was not here at the time—but looking back, was that not the kind of hearing that should have been held both in this chamber and the other chamber to get the concerns of the American taxpayer and user of public lands to determine whether or not this was a good approach to how we pay for facilities that we have on our public lands? I know now you have to move forward and you have to abide by the law, but do you have any misgivings about how the process went through last year without it having had a full hearing in this chamber?

Ms. SCARLETT. Senator, of course, we are pleased ultimately to have the law because for many years we had been hopeful of taking the fee demo program and have it on a more permanent footing so that we could invest in some of the technologies that would allow us to apply the fee program better and so forth. So on the one hand, we are certainly pleased to have some certainty now in the fee program.

On the other hand, I think of course all of us are champions of wide public participation. We did have a number of hearings on the House side and also a number of public meetings to discuss the prospect of legislation. Clearly, I know that the authorizing committee had some concerns about the ultimate approach of having it be passed through the appropriations process.

Senator SALAZAR. My time is up. Thank you, Mr. Chairman.

Senator THOMAS. Thank you.

It sounds as if the pass is going to be one of the more difficult aspects of the administration. Who is going to administer the pass?

Ms. SCARLETT. Senator, the working group that we have underway right now is comprised of each of our agencies and their technical experts on both fees, passes, and related types of activities. We have not determined yet who will actually be the administrator, whether it will reside in the Department of the Interior, indeed, perhaps even the National Park Service because of its significant experience, but that will be determined over the next several months as that group moves forward.

Senator THOMAS. So I presume the National Park Foundation will be under consideration for doing this?

Ms. SCARLETT. We are very interested in continuing to work with the National Park Foundation. We are very interested in continuing to work with them on the photo image process. We have a current contract with them on the National Parks Pass. We expect that to be extended over the next year while we get into gear with the America the Beautiful Pass, and then we very much hope

that they will participate when we have the contracting process as we move forward.

Senator THOMAS. It is my understanding the Secretary has the authority to raise the fee under the law. What will be the role of the Congress in that?

Ms. SCARLETT. I believe that the provisions of the law do provide for some raising of the fees. However, there are several boundaries, if you will, on that. No. 1, the statute does create recreation advisory councils or asks us to establish those. And for those councils, one of their roles would be to review both new fee area proposals as well as fee changes. So we look forward to that public participation process.

Second, as we currently implement our existing fee activities, we have relied significantly on market surveys and other processes because our fundamental goal here is to ensure a good visitor opportunity and, as Senator Salazar mentioned, accessibility. So we do not want to price people out of being able to have that visitation.

Senator THOMAS. You may have touched on this. If we get into the pass and the BLM visitation is 10 percent of the total, is there going to be a way to divide up the funding so that they get 10 percent of the money?

Ms. SCARLETT. That would be certainly our hope. One of the things that is an opportunity, as we move forward, now that we have a more permanent fee program, is to utilize swipe technology and other technologies that will allow us to know who is buying what where and where they are utilizing it. We would hope that that enables us to tailor the flow of the moneys.

Senator THOMAS. You are not swiping the money, are you?

Ms. SCARLETT. Not swiping the money, just the card.

[Laughter.]

Ms. SCARLETT. But to enable us to get the moneys where people really are utilizing the passes and paying the fees.

Senator THOMAS. So, as I understand it, you will be working on this. You will have some public hearings, some opportunity for public input as you go through, and will really conclude and be able to implement this in 2007.

Ms. SCARLETT. That is correct. As I said, we have had two listening sessions already with the public, and if there is additional demand, as we move forward, we will continue to have a very open public process.

Senator THOMAS. Good. I think, obviously, there are a couple of things that most of us are concerned about. I believe that the taxpayers should support the main cost of the parks, but those who visit have some additional responsibility because they are the ones that are enjoying it. On the other hand, the visitations of just going onto the forest or so on should not be charged, and I hope that that will be generally the outcome of what you do.

We have a vote, guys. How are we going to do this? Do you want to take a break and do that? All right. Do you have any more questions for the Secretary?

Senator SALAZAR. No.

Senator AKAKA. No.

Senator THOMAS. If not, could we have a few-minute recess. We will run and vote and come back. Then we will have our second panel. So we stand in recess.

[Recess.]

Senator THOMAS. We will, I think, go ahead and start. If they show up, that will be great. I think that was the last vote for a week, so people may disappear. So hurry.

[Laughter.]

Senator THOMAS. Thank you very much for being here. Jill Nicoll, acting president of the National Park Foundation, and Ms. Stephanie Clement, conservation director, Friends of Acadia, from Bar Harbor, Maine. Welcome, ladies.

Jill, would you like to begin.

**STATEMENT OF JILL NICOLL, ACTING PRESIDENT,
NATIONAL PARK FOUNDATION**

Ms. NICOLL. Thank you, Mr. Chairman. My name is Jill Nicoll, and I am the acting president of the National Park Foundation. I would like to thank you for the opportunity to appear today before this committee to comment on the implementation of the Federal Lands Recreation Enhancement Act for the National Park Service.

The National Park Foundation was chartered by Congress in 1967 and our mission is to strengthen the enduring connection between the American people and their national parks. We do this by raising private funds, making strategic grants, creating innovative partnerships, and increasing public awareness. All of this is wrapped into the National Parks Pass program that we currently operate.

Over the past 8 years, the National Park Foundation has enjoyed substantial growth with \$217 million worth of grants and program support to national parks across the country. Our growth has been achieved with fund raising and administrative costs kept to a minimum. We are proud to say that Money Magazine has just recognized the National Park Foundation as one of eight charities best at maximizing the percentage of donations going directly to programs supported.

I will start on the National Parks Pass by covering a brief history of our involvement.

In January 1998, the Secretary of the Interior and the Director of the National Park Service requested that the National Park Foundation undertake a strategic marketing study of the potential sale of the then Golden Eagle Passport outside of national parks. After the historic passage of the National Parks Omnibus Management Act of 1998, sponsored by the honorable chairman here today, the National Park Foundation entered into a contractual agreement with the National Park Service to implement and operate the National Parks Passport program. The authority for this relationship was created in title VI, section 602 of the legislation.

Management of the program is much like operating a small business. The National Park Foundation handles all level of production for the pass. I will direct your attention to the display here that shows the operational flow chart of the National Parks Pass program, starting with the National Park Service Recreational Fee Program Office. Here pass-related approval decisions and payments

to NPF for past services are handled. From here the National Park Foundation handles the marketing, banking, image selection through a contest, fulfillment, data management, and printing, production. Much of this work is accomplished by contracting with third party vendors.

It is important to recognize that under the current pass system, the National Parks Pass can be upgraded with the Golden Eagle hologram that allows entrance to the areas managed by the other agencies. The NPF manages this distribution with the other agencies currently, with Bureau of Land Management, Fish and Wildlife Service, USDA Forest Service, and the Bureau of Reclamation. All these agencies are to be included in the new America the Beautiful Pass.

Following current marketing guidelines by the National Park Service, we have three retail partners that market and sell the pass directly, REI, AAA, and Eastern Mountain Sports. These are partners from whom the consumer can purchase the pass directly in their stores.

It should also be noted that the National Park Foundation's management of this program does not exclude others from selling the National Parks Pass. We cooperate with other partners, like the Outdoor Industry Association, who through their member companies offer co-branded websites that point consumers to the Parks Pass purchase web page. The OIA then uses the commission they make from the sales to benefit consumer outreach initiatives to introduce more Americans to the benefits of outdoor activity, a model for others that would like to sell the National Parks Pass.

Our corporate partners at the highest level of partnership with the National Park Foundation are our Proud Partners of America's National Parks, like Kodak and American Airlines. They are also involved with the pass. As you are aware, over the past 4 years, Kodak has generously supported the contest with a \$2 million contribution to manage all aspects of the image contest. The contest this year has attracted over 40,000 entrants.

A concern from the National Park Service that has been a limiting factor on the pass is that partnering with retail outlets and other indirect sales channels might decrease sales at park gates. This perception, along with additional marketing limitations, has directly affected the number of retail partners engaged in directly selling the pass to date. To better understand the issue, the National Park Service initiated a study to track the impact of retail sales on in-park gate sales. To date, gate sales and sales through the NPF have both increased steadily over the years without conflict.

The National Park Foundation and Service have grown the program to the point where now over 400,000 passes a year are sold. While pass sales have doubled since the beginning of the program, there is greater potential to increase pass sales if there is a new approach to the marketing limitations currently on the pass. We applaud the new legislation for looking at ways to loosen some of these restrictions.

In conclusion, the National Park Foundation looks forward to assisting with the transition to the America the Beautiful Pass cre-

ated with this new legislation and playing a central role in the development, implementation, and marketing of the new pass.

Together, over the past 7 years, the board of directors of the National Park Foundation, along with the Department of the Interior and the National Park Service, has made significant investments in the startup and implementation of these programs. These investments can be maximized to ensure a successful beginning and a long-term future of the America the Beautiful Pass that benefits national parks and all of our public lands. The infrastructure, as indicated by this chart, now exists for the new pass and we hope to have the opportunity to work with the pass and this committee on the future implementation.

Mr. Chairman, thank you for your ongoing support of national parks and the National Park Foundation. Thank you again for the opportunity to appear before you today. I can answer any questions that you may have.

[The prepared statement of Ms. Nicoll follows:]

PREPARED STATEMENT OF JILL NICOLL, ACTING PRESIDENT,
NATIONAL PARK FOUNDATION

Mr. Chairman and honorable members of the Subcommittee, my name is Jill Nicoll and I am the Acting President for the National Park Foundation. The National Park Foundation was chartered by Congress in 1967 to encourage private philanthropic support of America's National Parks. Thank you for the opportunity to appear today before this subcommittee to comment on the implementation of the Federal Lands Recreation Enhancement Act for the National Park Service.

The mission of the National Park Foundation is to strengthen the enduring connection between the American people and their National Parks by raising private funds, making strategic grants, creating innovative partnerships and increasing public awareness. Over the past eight years NPF has enjoyed substantial growth: over \$239 million in contributions and \$217 million in total grants and program support to National Parks across the country. The Foundation's growth has been achieved with fundraising and administrative costs kept to a minimum—Money Magazine just recognized the NPF as one of eight charities best at maximizing the percentage of donations going directly to programs supported.

Before I delve into the details of my testimony I want to note that the history and current practices of the National Parks Pass serve as an obvious model for the new America the Beautiful—National Parks and Federal Lands Pass created in this new legislation. The testimony I am about to give should be seen as a way to frame the discussion around the development of the new Pass and the NPF's role in reaching the goals established by the new legislation.

NATIONAL PARK FOUNDATION AND THE NATIONAL PARK PASSPORT

In January 1998, the Secretary of the Interior and the Director of the National Park Service requested that the National Park Foundation undertake a strategic marketing study of the potential sale of the Golden Eagle Passport outside of National Parks. The Golden Eagle is an annual pass providing the user with entrance to federal lands charging an entrance fee. The pass can only be purchased at a federal site or from a federal office. The study focused on two questions: the potential untapped market for the pass and the potential net new income that could be generated by selling the pass outside of National Parks. The study, conducted by VIA International of Chicago in close consultation with the National Park Service and National Park Foundation, resulted in a recommended business plan for the implementation of a National Parks Passport program which we will reference through this testimony.

After the historic passage of the National Parks Omnibus Management Act of 1998, sponsored by the honorable Chairmen here today, the National Park Foundation entered into a contractual agreement with the National Park Service to implement and operate the National Parks Passport program, which was created in Title VI (six), Section 602 of that legislation. In operating the Pass program, the National Park Foundation continues to use the findings of the initial business plan in guiding the program's operations.

The initial business plan for the National Parks Passport program included higher sales and revenue figures than we currently enjoy today, primarily due to several key assumptions made at that time, including the assumption that the Pass would be sold through four key indirect channels—mass merchandisers, specialty retailers, specialty discounters and catalogs. These indirect channels were identified because of their ability to help us reach first-time purchasers of the National Parks Pass.

It is important to note, that as part of the contract with the National Park Service the Foundation operates under a set of marketing rules established by the NPS. In many cases, these rules have the effect of limiting some opportunities with channels listed above and with other partners that could otherwise help increase Pass sales. One particular restriction is the inability to discount the Pass, especially in cases of high volume sales.

Another limiting factor has been a concern that partnering with many retail outlets and other indirect sales channels might decrease sales at Park gates. To better understand the issue, the NPS initiated a study that would begin to track the impact of retail sales on in-park gate sales. To date, even with the limitations on the program, gate sales and sales through the NPF have both increased steadily over the years. We applaud the new legislation for looking at ways to loosen some of these restrictions and others.

OPERATION OF THE NATIONAL PARKS PASSPORT

Management of the program is much like that of a small business; there are many levels of operation that the National Park Foundation handles which I will detail here. I will direct your attention to the display here that shows the operational flow-chart of the National Park Pass program. It begins with the National Park Service and the Fee Demonstration office. All Pass-related approval decisions and payments to NPF for Pass services go through the Fee Demo office. From there the NPF handles marketing, design, production, image selection, data management, and distribution. Some of this process is handled through third party vendors detailed here on the flow chart. The NPF has operational procedures in place to distribute the Pass to all federal land management agencies and other pass selling partners. Under the current pass system, the National Parks Pass can be upgraded with the Golden Eagle hologram that allows entrance to the areas managed by the other agencies. The NPF manages this distribution with Bureau of Land Management, Fish and Wildlife Service, the USDA Forest Service, and the Bureau of Reclamation.

Following NPS guidelines, we currently partner with 3 retail partners to market and sell the Pass. Corporate partners at the highest level of partnership with the National Park Foundation, Proud Partners of America's National Parks, like Kodak and American Airlines are also involved with the Pass. As you are aware, over the past four years Kodak has spent almost \$2 million managing a photo contest to choose the National Parks Pass image that has attracted over 40,000 entrants. Many of the entrants go on to become donors to Parks through the NPF while the rest get a valuable first look at private philanthropy and how it can benefit National Parks.

It also should be noted that the National Park Foundation's management of this program does not exclude others from selling the National Parks Pass. We currently partner with several other organizations like the Outdoor Industry of America, Eastern National and others that offer co-branded websites with their partner organizations that direct consumers to the Parks Pass purchase webpage. The commission offered to these partners can go towards consumer outreach initiatives to introduce more Americans other benefits of outdoor activity. In addition to the human powered recreation partners listed above, the NPF looks to partnering with other organizations that share in the Park Service mission, like motorized recreational partners.

These examples and flowcharts are intended to show the National Park Foundation—from the Board of Directors down to the staff and vendors—is invested in the National Parks Pass program. The Board of Directors of the NPF made a long term commitment to the success of the program. I will now describe in detail some of those successes.

NATIONAL PARKS PASS SUCCESS

The National Park Foundation's management of the National Parks Pass is a thriving endeavor. There were certainly issues that prevented an entirely smooth start to the program—The NPF made a \$1 million upfront investment for the launch of the program, which was later paid back to the Foundation. This investment was made to keep the program operating and while all costs have been recovered, before that time this investment was in effect a loan to the program.

The National Park Foundation also had to twice turn to new legislative language to improve the operation of the program. First, to move the percentage of revenue for administrative costs from 10% to 15%, and then to ensure prompt payment of Pass related expenditures back to the NPF from fee revenue. Previously the NPF had a \$2 million line of credit to cover the time when expenditures went out from the NPF and fee money was available back to the Foundation.

The Pass program, in conjunction with the National Park Service, now operates smoothly from the phone and web-based orders, to the production and distribution of the Passes to the parks, other land management agencies and our retail partners. The Foundation and Service have grown the program to the point where now over 400,000 passes a year sold. While pass sales have doubled since the beginning of the program there is greater potential to increase pass sales if there is a new approach to the marketing limitations on the Pass and again we applaud this legislation for taking a fresh look at this issue.

In addition to the revenue that comes to the National Park Service from the Pass, the National Park Foundation gains information on Pass purchasers that very often allows the Foundation to develop them into life long donors and stewards of the National Park Service. The NPF has gathered over 250,000 names from those Pass holders that have voluntarily opted in to learn more about the Foundation's role in Park philanthropy and other opportunities to support parks through volunteerism. The Foundation is a known quantity for many existing donors and has a credible park-directed mission that they trust. We are congressionally chartered, make significant grants directly to Parks and manage donations efficiently—all of these operate as incentives to new donors.

The goal of the National Park Foundation with regards to the Pass program is not just donor development driven. The program is also mission driven, a unique position that the NPF, as the national partner of the NPS, is able to fill. The mission of the NPF, as stated in the beginning of this testimony, is entirely consistent with the results of the National Parks Pass. The program not only secures private funds, but also increases public awareness of the National Park Service. The owner's manual that accompanies the Parks Pass engages Park visitors and encourages them to experience more of their national treasures. Annually we are able to strengthen the connection of almost a half a million Americans to National Parks through the purchase and use of a National Parks Pass and as we've stated there's potential for much more future growth.

We believe the opportunity is there to further improve the program by implementing new technologies, such as credit card capability in every fee booth, access to account numbers by National Park Service personnel when visitors forget their Passes, processes that would allow for the collection of usage data, and automatic entry points at Park gates. Park visitors are increasingly tech savvy and expect a certain level of customer service from the Parks Pass that can be provided in the future.

CONCLUSION

The National Park Foundation looks forward to assisting with the transition to the America the Beautiful Pass created with this new legislation and playing a central role in the development, implementation, and marketing of the new Pass. Together, over the past seven years, the Board of Directors of the National Park Foundation along with DOI and the NPS has made significant investments in the start-up and implementation of this program. These investments can be maximized to ensure a successful beginning to the America the Beautiful Pass. The infrastructure exists now for the new Pass, and we hope to have the opportunity to work with the Pass with this Committee, and the DOI and the USDA.

Thank you for your ongoing support of National Parks and the National Park Foundation, and thank you again, Mr. Chairman, for the opportunity to appear before you today. I can answer any questions you may have.

Senator THOMAS. Fine. Thank you very much.
Stephanie.

STATEMENT OF STEPHANIE M. CLEMENT, CONSERVATION DIRECTOR, FRIENDS OF ACADIA, BAR HARBOR, ME

Ms. CLEMENT. Good afternoon, Mr. Chairman. My name is Stephanie Clement and I am conservation director for Friends of Acadia, which is a nonprofit conservation organization located in Bar Harbor. Our mission is to preserve and protect the outstanding

natural beauty, ecological vitality, and cultural distinctiveness of Acadia National Park. We are one of approximately 180 philanthropic organizations that support the National Park System, and since 1995, we have contributed approximately \$4.6 million to Acadia National Park and its surrounding communities.

Thank you very much for the opportunity to comment today. We have submitted written testimony and an addendum this afternoon to the committee with suggested legislative language that you might use when making technical amendments to the Federal Lands Recreation Enhancement Act.

We have concerns in seven general areas which I will just briefly summarize.

The first is pricing, which has already been discussed extensively. The National Parks Pass we believe is very attractive to park visitors because presently it is only \$10 more than an annual pass to Acadia costs right now. We are concerned that the America the Beautiful Pass might be less attractive to visitors at Acadia because we are more isolated than some western parks, but we encourage market studies overall to ensure that whatever price is set for the America the Beautiful Pass is set such that visitors will be able to continue to go to our national parks.

Our second concern is related to transit fees. Acadia National Park has part of its entrance fee a transit fee that enables support of the island explorer bus system which, since its inception since 1999, has carried 1.5 million visitors throughout Acadia National Park and its surrounding communities. What we would like to see is that when folks purchase the America the Beautiful Pass, Acadia is able to retain, on top of the 80 percent, a portion of the price of that to cover its transit fee, which presently they do not retain with the National Parks Pass.

Our third concern deals with revenue losses that might happen as a result of the America the Beautiful Pass. The place that a person purchases an America the Beautiful Pass will determine which agencies retain that funding. When the National Parks Pass was first implemented, there was an effect seen out at Zion and at Bryce Canyon National Park, whereby visitors would often go to Zion first, purchase their National Parks Pass there and Bryce Canyon saw a significant reduction in the amount of fee revenues that it collected at its gates because people were coming with their National Parks Pass. Our major concern is that when we extend that to other Federal land management agencies, it will increase the areas that are covered by these passes. And also, we are crossing jurisdictional boundaries such that if someone purchases a pass at a national forest, the Park Service may see less of a revenue at their entrance gates, and we are crossing USDA with the Department of the Interior. Experiments will be required to see how to correct some of those differences, and perhaps the swipe card that was mentioned is a possibility for correcting that issue.

A fifth area that we are concerned about is related to fee collection. As you mentioned, in the bill there is a 15 percent figure that is allowed for parks to retain for the cost of collection. Acadia is anticipating that they will be issuing 18,000 Golden Age passes in—actually they issued that in 2004. Acadia has multiple entrances and we want to make sure that they do not have to issue

the America the Beautiful Pass to that level every year. They want to make sure that a pass that is issued in 1 year will be good for multiple years, but there are several implementation issues surrounding that that we have documented in our testimony today.

We also want to make sure that Acadia is able to experiment as much as possible. Because of the multiple entrances, their cost of collection is higher than other parks, and we want to be sure that they are able to continue to have fee revenue collection sites at places that are accessible to visitors in local towns and so on.

And the sixth area that we wanted to mention is the role of the National Park Foundation. We believe that the National Park Foundation has done a really good job in overseeing the National Parks Pass program. The foundation has data bases, partnerships, staff specialists, and organizational systems set up for such a large fee program, and they understand how to operate. So we would like to be able to see the National Park Foundation continue in that role.

Then finally, the last thing that I would like to mention is that Friends of Acadia is pleased to be a partner of the National Park Service. Our donors give willingly to our programs because they see that it benefits and provides a margin of excellence to the national parks. We would like to make sure that the fee program that is implemented does its absolute best to make sure that the parks are able to retain the maximum amount of fees that they can. We do not want to see that there are fewer fees being generated at our national parks and retained by Acadia in exchange for any donations that we might give. That is a disincentive to our donors.

Thank you very much for the time to provide testimony today. We appreciate it. Thank you.

[The prepared statement of Ms. Clement follows:]

PREPARED STATEMENT OF STEPHANIE M. CLEMENT, CONSERVATION DIRECTOR,
FRIENDS OF ACADIA, BAR HARBOR, ME

Mr. Chairman and honorable members of the Subcommittee, my name is Stephanie Clement, and I am Conservation Director for Friends of Acadia, an independent non-profit conservation organization in Bar Harbor, Maine.

Friends of Acadia is one of 180 philanthropies helping the National Park System. Since 1995 alone, Friends of Acadia has granted \$4.6 million to Acadia National Park and community entities.

I want to thank you and your committee, Senator, for the former fee demonstration program. At Acadia, as you know, Friends matched \$4 million in fees with \$9 million in private fundraising to create the first privately endowed trail system in the national parks.

Thank you also for the opportunity to speak today on the Federal Lands Recreation Enhancement Act. With your permission, I will submit written testimony for the record and summarize my remarks.

INTRODUCTION

Friends of Acadia has concerns about the America the Beautiful Pass that we hope you will address through technical amendments before the law is implemented.

The concerns lie in seven areas: pricing, transit fees, agency revenue sharing, fee retention policies, fee collection costs, fee experimentation, and the role of the National Park Foundation.

1) *Pricing*. The America the Beautiful Pass could be attractive for visitors to federal lands but will be successful only if it is thoroughly market-tested and priced accordingly. If the price is set too high above those of some existing passes, the new pass becomes less attractive.

Friends of Acadia would hate to see the elimination of the proven National Parks Pass in exchange for a broader pass that is overpriced for the public it is trying to serve.

The National Parks Pass has been popular at Acadia because it costs \$50.00, only \$10.00 more than the annual entrance pass, affording access to many parks at little marginal cost.

2) *Transit Fees.* We ask that 100% of the transit fee charged at some parks, including Acadia, be added on top of the 80% of fee revenue that parks can retain from the America the Beautiful Pass, as is the case with the transit fee in relation to a park's standard entry fee.

3) *Revenue Sharing Among Agencies.* Some land management agencies could see significant revenue losses created by the America the Beautiful Pass. When the National Parks Pass was implemented, Bryce Canyon National Park witnessed a decline in fees collected because visitors often traveled to Zion National Park first, where they purchased the National Parks Pass.

Adding other federal lands to the equation will complicate matters, particularly where a Department of Agriculture unit affects the fee revenues at an Interior Department site or vice versa. Predicting where these effects will be seen and remedying them through multi-agency pass agreements or revenue redistribution will be a difficult process, involving multiple years of data collection and experimentation with different scenarios.

4) *Fee Retention.* Friends of Acadia's fourth concern is that the Secretary can reduce the proportion of fees retained at a federal land unit from 80% to 60% if she deems that the unit has collected more revenues than can be expended on site for reasonable needs in that fiscal year.

Acadia National Park has managed its fee collection and expenditures responsibly. \$12.9 million net revenues have been retained since the recreational fee demonstration program was initiated in 1997, and \$9.2 million has been spent on important projects, such as trail rehabilitation, upgrades to the visitor center, handicap accessibility, etc. Some projects require multi-year planning and allocation. The possibility that the Secretary could reduce Acadia's fee revenues to 60% in any year will make planning complex, multi-year projects very difficult.

Friends of Acadia recommends removal of the 60% provision. If it must remain, we ask that a multi-year time lag be built into implementation so that a park or other federal unit can prepare for anticipated losses of revenue.

Regarding philanthropy, there will be a disincentive to private donors if their charitable contributions to the park increase while the federal government, which has the ultimate responsibility for Acadia, reduces the amount that it appropriates or allows Acadia to retain.

5) *Fee Collection Costs.* The 15% overhead limitation is not flexible enough for parks that have complex collection operations. Acadia, for example, has multiple private entrances, and fee collection is inherently expensive and manpower-dependent. The park is trying to increase visitor compliance with fee requirements, but the 15% limitation will reduce the Park Service's ability to find creative ways to encourage compliance. The law should account for such realities.

If the America the Beautiful Pass for older people and individuals with disabilities is re-issued annually, we think the costs to individual parks would increase significantly. Acadia sold, or exchanged for plastic cards, about 18,000 Golden Age passes in 2004, which are good for a lifetime. If the park must now reissue 18,000 free passes every year, administrative costs will skyrocket.

Also, unless the replacements for the Golden Age and Golden Access passes are conspicuously different from one another in color and design, fee collection will be slower and more complicated per transaction, backing up traffic at entry stations. Also there will be greater possibility for errors or even fraud.

6) *Fee Experimentation.* The old fee demo program encouraged parks to experiment with fee structures, pricing, administration, etc. The new law does not. This will impede parks like Acadia as they try to adapt to change in visitor populations, travel patterns, etc. We recommend that the spirit of experimentation be included in the new law.

7) *Role of the National Park Foundation.* Our final concern is: who will manage and market the America the Beautiful Pass?

Friends of Acadia believes that the Congressionally chartered National Park Foundation is best suited to oversee the America the Beautiful Pass program, and should be specifically named in the technical language of the law. Having successfully managed the National Parks Pass program from its initiation, the Foundation already has the databases, partnerships, staff specialists, culture and organizational systems for such a large national effort, and understands how to operate within federal guidelines. The foundation has direct and extensive managerial experience and

should implement the pass. To re-start the program from scratch with a new manager would be inherently inefficient and an unjustifiable waste of funds and start-up time.

Friends of Acadia is proud to be among the many partners of the National Park Service. Thanks you for the opportunity to testify. I am happy to answer any questions you might have.

SUGGESTED LANGUAGE CHANGES FOR TECHNICAL AMENDMENTS TO THE FEDERAL
LANDS RECREATION ENHANCEMENT ACT

Friends of Acadia respectfully asks that the following the following language changes be made in the law. In some cases we have cited the relevant sections; in others we have merely provided language to be placed where the Committee deems it most appropriate.

INTENT

“It is the intent of Congress that the Act shall encourage experimentation in fee structure, pricing, administration, and related matters, by the affected agencies and individual units or areas, to create flexible fee schedules that are fair to the visitor and can be efficiently administered by a unit or area.”

ADMINISTRATION

“The National Park Foundation shall administer the America the Beautiful Pass in consultation with the Secretary. The foundation is authorized to recover from fee revenues pits-administrative costs plus a reasonable amount of overhead to be determined in consultation with the Secretary.”

PRICING

“The pricing schedule of the America the Beautiful Pass shall be set according to market rates. Test marketing shall be undertaken from time to time to determine optimum pricing levels.”

DISTRIBUTION

Preferred action: In Section 807, strike entire paragraph (c), (1), (B), beginning “REDUCTION— . . .”

Or . . .

Substitute this alternative to paragraph (B): “REDUCTION—The Secretary may reduce . . . but not below 70 percent, provided that the reduction shall take effect in the fourth fiscal year after the fiscal year in which the Secretary determines that the revenues collected at the unit or area exceed the reasonable needs of the unit or area for which expenditures may be made.”

FEE COLLECTION COSTS

In Section 808, paragraph (c), “Administration, Overhead, and Indirect Costs,” add this language at the end of the paragraph: “For units or areas that the Secretary determines have complex fee collection circumstances, the limitation shall be set at 25 percent of total revenues collected.”

TRANSIT FEE

“At a unit or area that charges a transit fee, 100 percent of the transit fee shall be retained in addition to the amount retained in fee collections.”

MONITORING

“The Secretary shall annually monitor the fee programs established under this Act and report the findings to the Committee. The Secretary’s report shall include, but not be limited to, an analysis of total revenues and expenses program-wide and at each affected unit or area, an assessment of the impacts of the program on visitation, recommendations for improving the program’s effectiveness, and other relevant information. The National Park Foundation shall annually report to the Committee on matters relevant to the foundation’s administration of the America the Beautiful Pass program.”

Senator THOMAS. Well, thank you. I thank both of you.

Jill, I do not think I am quite clear on this. The 15 percent that is administratively used is used by the park. Is that correct?

Ms. NICOLL. Yes. All the fees collected go directly to the parks and then the parks allocate the percentages back to us and to the administration of the program.

Senator THOMAS. I see. So the money you get out of it is out of that administrative portion that the parks have.

Ms. NICOLL. Right, and it is just direct reimbursement for our costs.

Senator THOMAS. I see.

You have been doing this then for parks only.

Ms. NICOLL. Yes. Well, we also managed that Golden Eagle upgrade, and so we managed the distribution of the upgrade, the hologram sticker, to the other land management agencies. So we do have that distribution network already in place.

Senator THOMAS. How do you divide the fee among the various participating—

Ms. NICOLL. Once again, we leave that to our partner, the National Park Service.

[Laughter.]

Senator THOMAS. I see.

Is there a formula for that?

Ms. NICOLL. I do not know. Do you?

Ms. MOORE. The hologram sales actually are kept by each of the agencies that receive the hologram. So there is no cost to the BLM or Forest Service for the holograms. But then when they upgrade the passes to the visitors, \$15 stays right at the agencies where the hologram was sold.

Senator THOMAS. So if I bought one at the Forest Service for \$50 or whatever, but I visited the parks 10 times and the forest once, that still would be the distribution system.

Ms. MOORE. Right now, that is the only way it is sold. So if you purchased the National Parks Pass in the park, the majority of the revenue stays at the park, 80/20, with 15 percent off the top that goes toward overhead costs. But let us say you have a National Parks Pass at the Park Service and you want to upgrade it to the Golden Eagle, wherever you go to make the upgrade, whether it is in the park, then the \$15 stays in the Park Service. If you upgrade at a BLM site or a Forest Service site, the \$15 will then go to that agency.

Senator THOMAS. Could you tell us who you are so we could—

Ms. MOORE. I am sorry. I am Jane Moore, the Fee Program Manager from the National Park Service.

Senator THOMAS. Then, Jill, your organization would be interested and be prepared to manage it as it applies to five different bureaus?

Ms. NICOLL. Absolutely, yes.

Senator THOMAS. You have done some of this before.

Ms. NICOLL. Yes, and we feel we can just expand the current infrastructure to accommodate the expansion of the program.

Senator THOMAS. The legislation that established the park pass stated, the Secretary may enter into cooperative agreements with the National Park Foundation or other interested parties to provide for the development and implementation. The Secretary shall take

such actions as are appropriate to actively market the passports. Would the Park Foundation support such language for the America the Beautiful Pass?

Ms. NICOLL. Yes, absolutely we would.

Senator THOMAS. So if I understand what you are saying, why, even though this will be expanded some and so on, that what you have been doing is generally applicable to what you expect to be doing in the future.

Ms. NICOLL. Yes. It is just an expansion of the current operation, not recreating the whole operation to accommodate this new program.

Senator THOMAS. What is your reaction to trying to get some method of distribution fairly among the agencies in terms of where it was paid and where it was used?

Ms. NICOLL. Well, really, the only way to solve that is with technology and to track usage. That would require an investment in the technology itself, but that is really the only way to fairly allocate based on usage and point of purchase.

Senator THOMAS. You have done some market analysis and so on. The Senator expressed some concern about the additional cost. What have you found in your market analysis?

Ms. NICOLL. We have received very few complaints at the \$50 price point level, and since that is the majority of the passes sold, obviously the consumer is comfortable with that \$50 level because it has been in place quite a long time and they are used to it. Consumers notice when prices go up.

Senator THOMAS. Yes.

Do the passes generally come from local people who go to the same park a dozen times, or can you differentiate?

Ms. NICOLL. We cannot differentiate at this time.

Senator THOMAS. So people might be traveling all over the country and going to each one once, for that matter.

Ms. NICOLL. Right.

Senator THOMAS. Again in your marketing background, what would be your anticipation in terms of the expansion if we go into five different bureaus?

Ms. NICOLL. In what respect?

Senator THOMAS. In the sale numbers.

Ms. NICOLL. It depends on the price. My understanding is that they are purchasing the pass for national park visitation predominantly right now. I think it would begin to be a disincentive, as Stephanie pointed out, if suddenly the incremental cost to the expanded pass somehow became unreasonable, especially compared to the individual park fees as you enter. So I think the price is a very, very important issue in terms of the success of the new pass.

Senator THOMAS. Stephanie, in your testimony, you mentioned 15 percent administrative costs might be unreasonable for some parks. What is the cost for Acadia and what changes would you anticipate to reduce it?

Ms. CLEMENT. We sat down with the Park Service prior to coming here today, and the figures that we had were that since the inception of the fee demonstration program, they have retained \$12.9 million in fee revenues and \$9.2 million of that has been used for on-the-ground projects such as the trail rehabilitation, visitor cen-

ter upgrades, and so on. And that leaves a figure of \$3.2 million that they have used since the very beginning for the costs of fee collection. If you look at it overall, it comes out to almost 25 percent.

The reason why it is so high, as I mentioned, Acadia does have multiple entrances. So they have had to find unique ways of accessing the visitors. It is not like there are individual gates that people can go through. There really is only one entrance point that is on the main road where people go through in their cars and purchase passes. The other way that Acadia has had to sell their passes is through individual visitor enters downtown, through working with L.L. Bean to try to sell the National Parks Pass at the L.L. Bean retail store, which I would say actually receives more visitation than Acadia National Park does. So that is why the cost of collection is much higher at Acadia.

Senator THOMAS. I see.

We have talked about initiating an advisory board for the recreation fee. I presume Friends of Acadia would be willing and interested in serving on such a board.

Ms. CLEMENT. Actually we feel that Acadia National Park already has an advisory board in place that works very well. It is called the Acadia National Park Advisory Commission, which was set up when the boundary legislation passed in 1987. We are not a member of that. The membership is made up of representatives from each of the border towns next to Acadia and then also some appointed officials by the Department of the Interior and then also the Governor has some appointees to that commission as well. So we think that is probably the appropriate commission for Acadia National Park.

Senator THOMAS. We are talking about an advisory board for the whole Nation.

Ms. CLEMENT. Oh, okay.

Senator THOMAS. So we would set up something that fits Teton Park as well as it does Acadia.

Ms. CLEMENT. Sure. Yes. I am sure we would be happy to serve on that.

Senator THOMAS. Do you believe, Jill, that you will be ready to go implement this in 2007?

Ms. NICOLL. If we were given the opportunity and notification soon enough. The parks pass photo contest actually starts earlier than one would logically think it would need to based on the production schedule. So we are currently preparing the materials for the 2007 photo contest right now. Yes, if we were to have the privilege to manage the America the Beautiful Pass program moving forward, like I said, it would just be an expansion of our current operation, a name change, additional production, but it would not be a hardship.

Senator THOMAS. The first year you could go ahead with your park that you already started with the photo I suppose, could you not?

Ms. NICOLL. Right, as long as the other land agencies did not get mad.

Senator THOMAS. Next year you can get BLM on there.

Ms. NICOLL. Right.

[Laughter.]

Senator THOMAS. What is your projection on—well, I guess you already responded to it. What kind of possibility of growth in sales do you see if all these five agencies are involved? Do you think that is going to have an impact particularly?

Ms. NICOLL. The real potential for sales growth is actually outside the gates. I think with some additional leeway on some of the marketing restrictions, we could increase the retail sales. As our numbers show, people would purchase the pass without using the full value of the pass, purchase it as a gift, purchase it for a number of different reasons. So you could have increased sales at the gate while really increasing the revenue pie, if you will, by selling more in the outside retail markets. People would purchase this just because it is a way of showing their support for public lands. And we are still convinced that that theory holds true.

Senator THOMAS. I read something the other day. I cannot remember specifically. I think they were some comments by retired park employees that they thought the parks were getting too commercial in terms of their advertising and marketing. How do you feel about that?

Ms. NICOLL. I respectfully disagree.

[Laughter.]

Senator THOMAS. Well, I certainly thank you. I think we have a challenge before us, of course, to make this program work as well as possible. There will be some changes in terms of expanding it to the other agencies. There will always be some difference of view about the level of charge, of course, and so on, but I do think that the idea of having public meetings, as the Secretary said they were going to have, will be good input. Of course, you can usually tell from the sale of things by the volume as to whether you have exceeded the price and so on.

So we certainly thank you for being here and look forward to working with both of you.

Ms. NICOLL. Thank you, Senator.

Ms. CLEMENT. Thank you.

Senator THOMAS. We will adjourn the committee.

[Whereupon, at 3:46 p.m., the hearing was adjourned.]

APPENDIX

RESPONSES TO ADDITIONAL QUESTIONS

FRIENDS OF ACADIA,
Bar Harbor, ME, March 9, 2005.

Hon. CRAIG THOMAS,
Chairman, Subcommittee on National Parks, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.

DEAR SENATOR THOMAS: Thank you once again for the opportunity to testify on February 17, 2005 regarding the Federal Lands Recreation Enhancement Act authorized in Public Law 108-447. We appreciate your concerns and interest in the fee program, and we look forward to working with the Subcommittee to ensure the best possible fee program to benefit the national parks. I am writing in response to the questions you posed for the record regarding Friends of Acadia's testimony.

Senator Thomas, thank you again for your time and attention to national parks and fee issues. Friends of Acadia greatly appreciates the opportunity to provide our thoughts on the implementation of the Federal Lands Recreation Enhancement Act. If there is any way that we can be of further assistance, do not hesitate to contact us at (207) 288-3340 or via e-mail at stephanie@friendsofacadia.org.

Sincerely,

STEPHANIE M. CLEMENT,
Conservation Director

[Enclosure.]

Question 1. In your testimony, you mention that the 15% administrative cost may be unreasonable for some parks. What is the administration cost for Acadia and what changes to you anticipate being made to reduce the cost to 15%?

Answer. There are three costs associated with the fee program at Acadia: A) the administrative cost of managing the fee program; B) the direct cost of collection; and C) the costs of planning, design, and supervision of projects implemented using fee revenues.

A) *Administrative Costs:* Acadia National Park staff estimate that the Park's administrative costs related to the fee program are approximately 5% of the total revenue retained. These figures are well under the 15% figure, so the Park could maintain the present fee program.

B) *Cost of Collection:* Acadia National Park's direct cost of collection since the initiation of the recreation fee demonstration program in 1997 has been almost 25% of the total revenue retained at the Park. Acadia has retained approximately \$12.9 million in entrance fees since 1997, spent \$9.2 million on approved projects, and expended \$3.2 million to cover the cost of collection. Fee collection costs are higher at Acadia than at other national parks because Acadia has multiple entrances and fee collection points. Acadia accesses visitors at normal locations (visitor centers, campgrounds, and entrance booths), but is also forced to be innovative in selling passes at other locations, such as the Island Explorer bus information center. If Acadia were required to cut the cost of collection to 15%, the Park would either have to reduce operating hours at fee collection sites or close some of these locations altogether, both of which would ultimately hurt fee retention at the Park.

C) *Planning, Design, and Supervision Costs:* Acadia National Park staff closely follow the guidelines for project administration established by the National Academy of Public Administration. These costs include items such as planning, design, and supervision for all the construction/rehabilitation projects undertaken with the fee demonstration program.

Question 2. How many visitors to Acadia National Park use the annual pass to obtain entry? How many annual passes did visitors purchase at Acadia National Park last year?

Answer. According to Kevin Langley, Fee Collection Manager at Acadia National Park, the Park sold 3,049 National Park Passes in 2004, 3,666 annual passes specific to Acadia, and 10,066 Golden Age passes (some of which were replacements for older paper versions of the passes).

For the first time last year, Acadia used swipe card technology to track how many visitors arrived at the entrance station on the Park Loop Road with National Park Passes or Golden Age passes in hand. The information was not retained locally, however, and has been sent to Marge Koehler of the National Park Service in Washington, who is reportedly tabulating the results from Acadia and other national parks. We suggest that the Subcommittee contact her directly for more information.

Question 3. Has the National Park Service or Department of Interior initiated efforts to form an Advisory Board to oversee the recreation fee program in the area of Acadia National Park? Does Friends of Acadia have any desire to serve on such a board if asked?

Answer. Neither the National Park Service nor Department of Interior has initiated efforts to form a local advisory board to oversee the recreation fee program at Acadia. However, there is a Congressionally established group, the Acadia National Park Advisory Commission, that oversees all areas of park management, including fees. The Acadia Advisory Commission is comprised of representatives from each of the towns bordering the Park, as well as at large appointees of the Secretary of the Interior and the Governor of Maine. Friends of Acadia feels that this commission adequately serves all local oversight functions. However, were a national advisory board established to oversee implementation of the fee program for all parks, Friends of Acadia would be honored to serve on such a board.

Question 4. Given your concerns regarding the 60% provision do you have specific recommendations prepared to implement a time lag?

Answer. Acadia National Park has been circumspect in obligating and expending funds from the recreation fee demonstration program. Friends of Acadia's concerns related to the 60% provision stem from two areas—the fact that many fee demo projects require multi-year planning and expenditures and the possibility that reducing the amount of fees retained at Acadia will be a disincentive for Friends of Acadia's donors to contribute. An atmosphere of decreasing federal investment in the Park is not conducive to charitable giving.

One of the most successful uses of fee revenues at Acadia has been the restoration of the trail system. Friends of Acadia contributed over \$9 million in private funds to match \$4 million in Park Service funds (primarily fee demonstration monies dedicated to trail rehabilitation) to restore and permanently endow Acadia's trails. The Park Service methodically planned how to use fee revenues over multiple years to match Friends' contributions. If the Secretary were to reduce the amount of fees retained at Acadia to as low as 60% in any given year, this would be detrimental to the Park's ability to engage in multi-year projects such as this.

Similarly, many projects may be more costly than a national park is able to fund out of one year's fee collection revenues. If a park were to save fee revenues over several years to tackle these costly projects, it may create a false appearance of collecting more fees in a year than could be reasonably expended. Friends of Acadia is concerned that this may trigger the provision to allow the Secretary to reduce the park's fee retention to as low as 60%, thereby harming the ability of that park to accomplish more costly projects.

Friends of Acadia recommends that if the 60% provision must remain in the Federal Lands Recreation Enhancement Act, that at least a two-year time lag be built into implementation. For example, if the Secretary were to decide that Acadia's 2004 fee revenues were higher than necessary, she should wait until 2006 to assess the Park the 20% loss in the money they can expect to expend from the fee program revenues. This will give the Park two years to adjust planned fee projects. We also recommend that the Secretary average the fee revenues over the two year time lag to determine the 20% loss to the Park. This will be fairer to both the national level and the local park depending on fluctuations in visitation and entrance fee revenues. Keep in mind that a reduction from 80% to 60% in fee revenues represents a 25% cut in a park's spending power for projects.

DEPARTMENT OF THE INTERIOR,
OFFICE OF CONGRESSIONAL AND LEGISLATIVE AFFAIRS,
Washington, DC, March 29, 2005.

Hon. CRAIG THOMAS,
Chairman, Subcommittee on National Parks, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: Enclosed are responses to questions you submitted following the February 17, 2005, hearing regarding the "Federal Lands Recreation Enhancement Act authorized in Public Law 108-447."

Thank you for the opportunity to provide this material for the record.

Sincerely,

JANE M. LYDER,
Legislative Counsel.

[Enclosure.]

QUESTIONS FROM SENATOR THOMAS

Question 1. Are you aware of any specific sites where fees have been collected during the demonstration program, but the fee would no longer be applicable because of criteria specified in the new law?

Answer. One of the short-term tasks of the Fee Collection/Fee Expenditure Working Group is to ensure that all sites that charge recreation fees conform to the infrastructure and other requirements of the new law. The NPS currently has 150 parks that collect an entrance fee and 121 parks that collect a "use" fee or what is now called an "expanded amenity fee" and 209 parks that collect both. The NPS has only one site in Alaska that may cease collecting fees but all other NPS collecting sites will remain in the program. There may be however, some adjustments concerning whether a park charges an entrance fee or an expanded amenity recreation fee. Some fees for BLM, FWS, and FS have been eliminated or changed in scope. At some sites, the agencies are substantially decreasing the area in which fees are required. For example, some sites no longer charge entrance fees to an entire national recreation area, but instead may charge a standard amenity fee at the localized developed area with the enhanced visitor amenities. At other sites, fees have been changed, such as eliminating fees for children under 16 years of age.

Although the review of all sites continues, the following are examples of sites that have made changes to their fees under FLREA:

- Gavin's Point National Fish Hatchery (FWS) no longer charges an entrance fee.
- Arapaho National Recreation Area (Forest Service) no longer charges an entrance fee for the entire area, but may charge a standard amenity recreation fee at localized developed sites.
- At Imperial Sand Dunes (BLM), recreation fees for two overlooks and a trailhead were eliminated.
- Quake Lake Visitor Center and Lewis and Clark Visitor Center (Forest Service) no longer charge for children under 16 years of age.

Question 2. What is the timeline for implementing P.L. 108-447 and will the public be involved in the process?

Answer. The longest time frame in the implementation process will likely be to develop the America the Beautiful Pass. The National Pass Working Group has set a target date of 2007, taking into consideration many factors, including the tremendous public interest in the pass, the potential need to conduct market surveys, and the long lead time required for the image competition. We would like to work with the National Park Foundation and learn from their expertise and experience in running a successful image competition. We recognize that the long lead time involved in administering an image competition and producing the pass may require that decisions be made shortly in order to meet a 2007 target date. We are exploring different options to facilitate meeting the 2007 target date.

Discussion of these and other implementation issues began almost immediately after President Bush signed the FLREA into law on December 8, 2005. Within nine days of the law being signed, the Interagency Fee Council convened and approved an Implementation Plan. To carry out the implementation, a steering committee composed of high level (SES) managers from each agency and interagency workgroups for the America the Beautiful Pass, Fee Collection/Fee Expenditures, Recreation Resource Advisory Committees (RACs)/Public Participation, and Communication were formed.

The working groups are drafting guidance, developing detailed action plans, including timelines, and discussing key issues to ensure compliance with the new law. Because of significant interest by the public and partner organizations, the National

Pass Working Group has hosted two “listening sessions” to provide the public and members of the recreation community with an opportunity to share ideas about the implementation of the America the Beautiful Pass. Additional sessions may be scheduled, as needed. We will keep the Congress informed over time as we continue to implement the new legislation.

Question 3. Is the 15% limitation on cost of administration an achievable level or should P.L. 108-447 be amended to provide a more reasonable level?

Answer. Over the past few years, the Departments have been working to align reporting categories for costs and expenditures. This effort will continue for the Congressional reports required under FLREA. Once we better identify and align consistent definitions of cost categories, we will be able to determine if an amendment is necessary. We look forward to continuing to discuss this issue further with the Committee.

Question 4. Who will manage the America the Beautiful Pass? The new law enacted with the 2005 Appropriations Bill does not specify. The old law mentioned the National Park Foundation by name.

Answer. Decisions on who will manage the America the Beautiful Pass will be made as part of the overall decision making on how best to implement the pass, as described under the new law. We have set a goal of implementing the new pass in 2007. We have created an interagency working group comprising representatives of each bureau with expertise in recreation fees and previously existing recreation passes, as well as representatives with procurement and related legal expertise. Unlike the law creating the National Parks Pass, FLREA does not identify any particular entities by name. The preliminary plan is to select an organization or organizations to develop and implement the America the Beautiful Pass through an open competition. As we design that competition, we will draw upon the National Park Pass experiences of the National Park Foundation as we develop appropriate performance goals to be delineated in any request for proposals. We are evaluating what the most appropriate acquisition strategy is at this time but anticipate that a key goal will be to include consideration of how any proposal for administering and marketing the pass affects opportunities for volunteerism and partnerships.

During the transition, we are interested in continuing to work with the National Park Foundation on the development of the National Park Pass and the annual image competition.

Question 5a. The Secretary has the authority to raise the fee under the new law. Will the cost of the America the Beautiful Pass increase?

Answer. The price of the America the Beautiful has not been determined. In the three months since enactment of FLREA, the National Pass Working Group has developed draft guidance, developed action plans, and discussed key issues to ensure compliance with the new law. One of the three broad issue areas identified by the National Pass Working Group involves issues associated with pricing. We would expect to carefully evaluate price in relationship to value, impact on visitation, and related considerations.

Question 5b. Will a market analysis be conducted prior to raising the cost of the pass? The public may find it more economical to forego the pass and pay the individual fees if the cost of the pass increases substantially. A market analysis is recommended to determine public reaction to a fee increase.

Answer. The National Pass Working Group will take into consideration past studies and surveys, data related to pricing of other national passes, and the relationship of the pass to other recreation fees and site-specific passes. Other market analyses, surveys, and studies, may be conducted as necessary.

A key goal will be to ensure that the America the Beautiful pass remains a good value for visitors to our federal lands. We recognize that setting the price of the pass is not an exercise to raise the maximum amount of revenue possible. Price setting needs to take into account the use patterns, other existing fees, and the extent to which the pass could be used as a tool to educate and broaden the American public's knowledge and experience about our federal recreational lands.

Based on a very preliminary analysis of National Parks Pass use data, the price of the pass may particularly affect higher fee parks, parks with mandatory transportation systems, and parks with significant National Parks Pass use. We also recognize that pricing can affect revenue generation, which is important to a specific site's motivation to market and sell the pass. With the intensive involvement of each bureau's fee experts, we expect to be able to identify key challenges and address them through a consensus process among the bureaus while also taking into account public input, market analysis, and other relevant information.

Question 6. Will the NPS continue to receive the same level of funding from the new pass or will the funds be distributed to other bureaus in a manner that causes the NPS share to decrease?

Answer. The agencies are working together to determine a revenue distribution system that is fair and is based on the best available data. In the past, the NPS has played a substantial role in the marketing and sales of passes. One challenge in implementing a new pass will be to maintain appropriate incentives for individual sites and agencies to sell the pass, while taking into account relevant visitor use and other data. In the future, electronic swipe technology may be developed to assist in decisions regarding how to distribute the revenue to sites.

Question 7. The Secretary has the authority to reduce retention of recreation fees for a given area from 80% to 60% when reasonable needs are exceeded. Will there be criteria developed defining what exceeding a reasonable need is?

Answer. All of the working groups are evaluating FLREA to determine where additional guidance may be needed. To the extent possible, the assessment of whether an area's reasonable needs are exceeded should be evaluated using a number of existing measures within each agency, rather than creating another layer of evaluations. For example, to determine the condition of facilities at any given unit, the NPS has in place a facility management system that "grades" facilities and other assets based on a facility condition index (FCI). Similarly, BLM is implementing the Facility Asset Management System (FAMS) to plan and track facility-specific maintenance needs and costs, to prioritize and monitor maintenance activities, and to prevent a recurrence of maintenance backlogs in the future.

Question 8. What steps will DOI take to ensure the new pass is implemented without confusion or loss of customer service during the transition period?

Answer. We will take steps to ensure a smooth transition in implementing the new pass. FLREA specifies that existing passes will continue to be sold until the new pass is available. Existing passes remain valid until expired, lost or stolen. As the time draws near, the National Pass Working Group will work with the Communications Working Group to ensure that the public is fully informed on the details of the transition. During the coming months and years, we anticipate keeping the public informed and seeking input on the implementation process through additional stakeholder meetings, Congressional briefings, and web postings.

Question 9. Does the Department anticipate promulgating regulations through the Federal Register to implement the recreation fee program established in P.L. 108-447?

Answer. All of the working groups are in the process of evaluating FLREA to determine where regulations, guidelines, or additional criteria may be needed to ensure full and consistent implementation of the Act.

RESPONSES OF THE NATIONAL PARK FOUNDATION TO QUESTIONS
FROM SENATOR CRAIG THOMAS

Question 1. What was the single most difficult problem to overcome when developing the national park pass program?

Answer. The most challenging aspect of developing the National Parks Pass program was identifying and documenting all the government agency systems, then building customized ordering (call center), billing, and accounting systems for each of the five bureaus, as well as Park cooperating associations. Completing this took 18 months prior to the launch of the pass in April 2000 and is now running efficiently.

Question 2. Is your organization interested in and prepared to manage the America the Beautiful Pass Program as it applies to five bureaus?

Answer. Yes.

Question 3. The original legislation that established the Park Pass stated, "The Secretary may enter into cooperative agreements with the National Park Foundation and other interested parties to provide for the development and implementation of the national park passport program and the Secretary shall take such actions as are appropriate to actively market national park passports and stamps." (Section 602(d) National Park Passport Program). Would the National Park Foundation support such language for the America the Beautiful Pass?

Answer. Yes.

Question 4. The current nationwide photo contest is conducted by Kodak. Is Kodak interested in continuing to participate in a program involving more than just the National Park Service?

Answer. The NPF consulted with Kodak on this issue, who indicated interest in continuing to find out more about the American the Beautiful Pass Program and its role in a photo contest to choose the Pass image. A future commitment to the contest would continue to be part of a larger commitment to the NPF.

Question 5. Based on market analysis conducted by the Foundation, what is the maximum amount the general public will pay for an annual pass?

Answer. The market analysis conducted by the NPF in 1998 focused on visitation patterns and a price point that would maximize consumer incentive to purchase a Parks Pass, based on existing daily park entrance fees at that time. That price, at that time, was near \$50 for a National Parks Pass and \$65 for a Golden Eagle Pass.

Question 6. How many additional passes do you anticipate selling when the program is expanded to five bureaus?

Answer. This is largely dependent on the price of the new Pass, and changes to the marketing guidelines. Between the National Parks Pass and sales of the upgrade to the Golden Eagle Pass, there are approximately 425,000 total Passes sold. The NPF has grown sales of the Pass 100% since its inception and flexibility in existing marketing restrictions would likely lead to a greater increase in Pass sales.

