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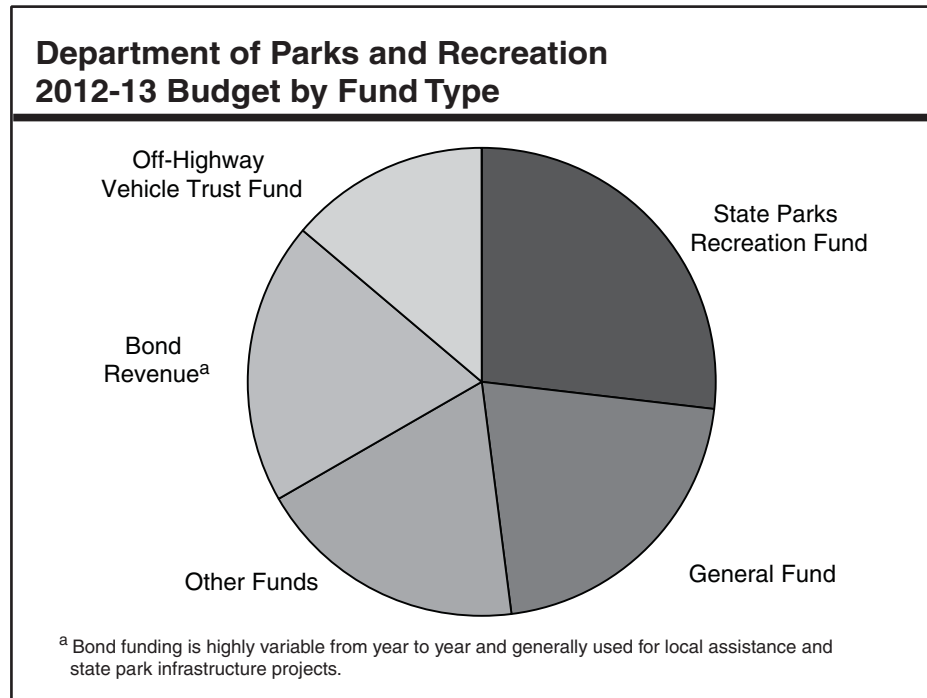
Department of Parks and Recreation: Current Funding Issues

LEGISLATIVE ANALYST'S OFFICE





State Parks Funding



- The 2012-13 budget provides a total of \$530 million for the support of the Department of Parks and Recreation (DPR). As shown in the figure, the largest single source of funding is the State Parks and Recreation Fund (SPRF), which provides 27 percent of the DPR’s budget. This source of funding has grown 42 percent over the last decade—from \$97 million to \$142 million. (The SPRF receives most of its funding from state park visitor fees and concessionaire rental payments.)
- The DPR’s budget also includes \$112 million from the General Fund. This reflects an \$11 million General Fund reduction to the park system. (This is in addition to an \$11 million ongoing reduction in General Fund support from 2011-12.)



State Parks Expenditures

- Nearly Two-Thirds of Funding Spent on Park Operations.*** Of the roughly \$500 million budgeted for DPR in 2012-13, about two-thirds is for park operations. Most General Fund and SPRF monies are spent on park operations. In contrast, bond funds are spent largely on local assistance grants and infrastructure projects.

- Cost of Deferred Maintenance Has Grown.*** The DPR has reported persistent underfunding of park maintenance by an estimated \$120 million annually. The estimated cost of deferred maintenance projects is \$1.3 billion.



Recent Actions Related to Park Closures

- DPR Announced Service Reductions and Park Closures.*** In order to address the ongoing reduction in General Fund support, DPR decided to make service reductions in most parks and to close 70 state parks.

- Partnerships Formed to Prevent Closures.*** In response to the proposed park closures, some local governments and private organizations offered support through donations (\$11 million), operating agreements, and concessionaire contracts to keep open 69 of the 70 parks.

- Legislative Actions to Keep Parks Open.*** The 2012-13 budget package (1) includes a two-year continuous appropriation of \$15 million in park fee revenues to encourage park staff to implement new programs to increase the number of paying park visitors, (2) reduces the need to have sworn peace officers perform certain park ranger tasks, and (3) shifts \$10 million in bond funds to pay for the capital costs of projects intended to more effectively collect revenue for parks, such as computerized parking meters and kiosks to collect entrance fees.



Current Mismanagement Issues



Discrepancies in Fund Balances

- ***Additional \$33.5 Million in Off-Highway Vehicle(OHV) Trust Fund.*** The fund discrepancy between the Department of Finance (DOF) and the State Controller's Office (SCO) appears to be a recent occurrence and it is unclear if the difference relates to an unanticipated increase in revenue in the OHV trust fund following the "gas tax swap" that was implemented in 2011. (The gas tax swap eliminated the sales tax on gasoline and replaced it with an excise tax intended to generate approximately the same amount of revenues that could be used to pay debt service on transportation bonds.) This discrepancy is currently being investigated by the Attorney General's Office.
- ***Estimated \$20.4 Million in Additional Funds in SPRF.*** The misreported funds found in SPRF have existed in SCO records, but not in DOF documents, since 2000. According to DPR, standard practice is that the department's budget officer briefs the Deputy Director of Administrative Services and the Chief Deputy Director annually on the fund condition each year during the budget development process. It is unclear why or how these funds were misreported. This is currently being investigated by the Attorney General's Office. The Governor recently proposed to spend these funds on park maintenance and as matching funds for donor contributions.



Unauthorized Vacation Buyouts

- ***\$271,000 Spent in Unauthorized Vacation Time Buyouts for Staff.*** In the fall of 2011, DPR approved vacation time buyouts for 56 employees totaling more than \$271,000. This action was not authorized by the California Department of Human Resources as required by state regulations. The buyouts were not identified by the Controller because they were coded as overtime, not vacation time.



Timeline of Current Issues and DPR's Related Actions

2000	
	The SPRF's fund balance differs between the SCO and DOF records by \$24.5 million. This \$24.5 million difference is not corrected.
2011	
October 15	DPR Director reports unauthorized vacation buyout activity in the administration services division to the California Natural Resources Agency.
October 19	Deputy Director of Administrative Services is demoted from his CEA position. The department begins an internal investigation.
November	The buyout activity is reported to the Governor's Office and the Governor's Office asks the AG to perform an audit of the buyout for culpability. Department completes its internal investigation.
2012	
May 1	The AG completes its audit, recommending additional actions.
May to July	The department adopts all of the AG's recommendations.
July 15	The unauthorized vacation buyouts are reported by the media.
July 17	The new Deputy Director of Administrative Services for DPR briefs the Undersecretary for Natural Resources of fund discrepancy. The Governor's Office is briefed about the fund discrepancy. The Governor's Office asks the AG for another audit, now focusing on the discrepancies in the OHV trust fund and SPRF. The Governor's Office asks DOF's Office of State Audits and Evaluations to audit DPR. The DOF begins review of other special funds.
July 18	DPR Director resigns her position.
July 19	The Sacramento Bee reports on the discrepancies in SPRF and OHV trust fund.
July 20	The Undersecretary for Natural Resources is appointed Acting Director. DPR Acting Chief Deputy Director is removed from his position. The DOF begins statewide review of all special funds.
July 26	The SCO contacts DPR to set up a meeting to discuss performing an audit of payroll operations.
<small>SPRF = State Parks and Recreation Fund; SCO = State Controller's Office; DOF = Department of Finance; DPR = Department of Parks and Recreation; CEA = Career Executive Assignment; AG = Attorney General; and OHV = Off-Highway Vehicle.</small>	



Issues for Legislative Consideration

We think there are many additional unanswered questions that the Legislature may wish to address. Some of these may be able to be answered by DPR, others could possibly be answered as part of an audit of the department. These include:



Fund Discrepancies in SPRF and OHV Trust Fund

- When and how did the misreported funds in SPRF and OHV trust fund first appear? Did they occur as a mistake or was this intentional?
- When were these misreported funds discovered? By whom, or at what level of management?
- Are DPR's budget and accounting practices consistent with the practices used in other departments?
- Does DOF or SCO have a protocol to check the validity of department reports? If so, what are these protocols?
- Are more internal and/or external controls needed to ensure that mismanagement of funds at DPR does not reoccur?



Vacation Buyouts

- Which fund did the \$271,000 for vacation buyouts come from?
- What is the department's protocol for authorizing buyouts or other reimbursements to staff? Were these protocols followed when the vacation buyouts occurred?
- What controls could be put in place to prevent such actions from occurring again?



Issues for Legislative Consideration

(Continued)



Park Closures

- How much money has been donated to DPR through operating agreements?
- How many agreements and how much money in donations are at risk of being rescinded?
- What has DPR done with the money set aside for closure and ongoing caretaker costs for parks on the closure list?