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FY2000 State Park Budget Issue

January 10, 2000

Introduction:

On July 13, 1999, the Minnesota Department of Natural Resources announced that overnight camping would not be available this fall or winter in several State Parks. Due to budget changes within the DNR Parks and Recreation Division, twenty State Parks closed their campgrounds after Labor Day (September 6, 1999) this year and will not re-open them until the Memorial Day (May 29, 2000) weekend next year. The campgrounds which closed after Labor Day are located at the parks listed in the table below, along with the number of campers in the time period between Labor Day and Memorial Day (off season) as compared to the number of campers for the whole season.

State Park Overnight Visitors, 1998-99 Season

	<u>off</u> <u>season</u>	<u>whole</u> <u>season</u>	<u>off season</u> <u>% of total</u>
Beaver Creek Valley	2,058	6,945	30%
Big Stone Lake	921	3,335	28%
Carley	406	1,636	25%
Charles A. Lindbergh	1,282	6,086	21%
G.H. Crosby Manitou	545	1,959	28%
Glacial Lakes	1,026	8,521	12%
Great River Bluffs	1,097	4,764	23%
Hayes Lake	307	3,825	8%
Judge C.R.Magney	845	7,602	11%
Kilen Woods	358	2,178	16%
Lake Louise	517	3,241	16%
Lake Maria	1,972	4,238	47%
Monson Lake	137	949	14%
Moose Lake	564	6,862	8%
Old Mill	291	1,825	16%
Rice Lake	1,593	7,030	23%
Schoolcraft	437	1,680	26%
Split Rock Creek	707	6,822	10%
Upper Sioux Agency	380	3,258	12%
Zippel Bay	430	5,464	8%
totals	15,873	88,220	18%

The loss of off season camping in the 1999-2000 season raises many budgetary issues, many of them unanswered to this point. Are the cuts permanent? Will there be off season camping in FY01? Where are the budget cuts going to come in the future? And finally, is there a solution?

DNR Parks and Recreation Operating Budget History:

The base budget set in the biennial budget contains an operating budget for DNR Parks and Recreation Division. The operating budget includes salary and benefits, supplies, and equipment expenses. The following table shows the annual general fund appropriation for the operating budget. The increases are due, in part, to annual salary inflation, rent inflation and base increases.

FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01
\$19,397,000	\$20,192,000	\$20,875,000	\$21,259,000	\$22,827,000	\$23,668,000	\$24,368,000	\$25,049,000

Percent Biennial Increase	FY94-95 to FY96-97	6.4%
	FY96-97 to FY98-99	10.4%
	FY98-99 to FY00-01	6.3%

DNR management has claimed that a number of items have caused budget inflation and increased costs over the years and have, consequentially, not resulted in an increase to the operating budget. Such items include:

- emergency maintenance
- a legislative requirement of a state park land study - estimated cost of \$125,000
- 0.5 FTE (enforcement officer) as part of a legislative package
- purchase of new computers and software paid for out of the operating budget
- two new parks and new capital projects which did not receive adequate funding
- equipment such as picnic tables which have been purchased out of the operating budget
- non-fleet equipment
- campground management computer system
- inflation on salaries and supplies

The shortfalls in the operating budget caused by the issues above have required positions (FTEs) to be held vacant for cost savings. The central office has kept two vacancies (FTEs) open and are 8.5 FTEs short of the minimum standard*. Regional offices have kept 2 vacancies and are 10 FTE short of the minimum standard. As for FTEs which work directly on the parks, there are 55 vacancies which may account for up to 200 part-time people.

DNR Parks uses a decision matrix, consisting of state parks (Group A-E, Appendix 1) on one axis and services/activities (Level 1-6) on the other. The highest priority parks and the highest priority services at those parks are funded first (the numbers in the boxes below are in priority order.) The matrix contains services which would fall short of the state parks minimum standard. Below is a simplified version of the matrix.

* The minimum standard was designed by DNR Park and Recreation staff to give a baseline of services to be provided. A copy of the minimum standards can be obtained from Bill Morrissey, Director of Parks and Recreation.

Activity Parks	Activity Level 1 (primary services)	Activity Level 2 (summer daytime)	Activity Level 3 (summer overnight)	Activity Level 4 (fall/spring daytime)	Activity Level 5 (fall/spring overnight)	Activity Level 6 (winter, etc.)
Group A	1	6	7	10	12	26
Group B	2	8	9	13	20	27
Group C	3	11	14	18	23	28
Group D	4	15	16	21	24	29
Group E	5	17	19	22	25	30

The shaded area shows which activities at which parks are currently funded. The non-shaded area shows the additional funding it would take to reach minimal operations. This un-shaded area has an estimated cost of \$2 million. It was reported in FY98 that it would take \$7.8 million per year to reach the minimum standard.

FY 2000 Budget Adjustments:

The Division's operating budget for fiscal year 2000 includes a general fund base increase of \$850,000. This increase is \$238,000 less than the \$1,088,000 included in the budget submitted to the legislature by the Governor. According to the Governor's budget, approximately 80% of the \$1,088,000 needed (approximately \$870,000) was to go *"towards seasonal labor, increasing the Division's staffing by 23.0 FTE."* The remaining approximately \$175,000 *"would be spent on supplies and miscellaneous park operating expenses."* This would be in keeping with the Division's pattern of spending of approximately 75% on personnel. The budget also stated that the initiative would *"help offset inflation and allow state parks to better meet visitor, facility, and resource needs than in the 1998 fiscal year."* It added that *"it will not permit full operations year round."*

When the Division allocated its budget, inflation and cost increases accounted for a greater amount of the appropriation than was planned for in the Governor's budget. Including a \$350,000 increase in health insurance costs, unexpected cost-increases for FY 2000 totaled approximately \$610,000. Normally insignificant miscalculations added another \$140,000, leaving only \$100,000 to spend at the Division's discretion. DNR used its discretion to spend \$150,000 on fleet management. In order to balance the budget, the decision was made to close camping at 20 parks, thereby reducing the budgets of those parks by a total of \$150,000.

Items Funded by \$850,000 Increase in FY00:

Health Insurance Increase	\$350,000
<i>Increased cost of health insurance to the state.</i>	
Fleet Management Increase	\$150,000
<i>The rate charged for divisional use of vehicles has gone up. Also, the fleet management costs now include radios and ATVs.</i>	
Unemployment Increase	\$ 60,000
Severance Pay Increase	\$ 50,000
Reduced Work Experience Savings	\$160,000
<i>For years, the Parks Division has used voluntary or low cost workers for much of their maintenance work. The unions and DNR negotiated less hours of low cost workers and an increased wage for these workers.</i>	
Retiree Work Program	\$ 30,000
<i>Greenview negotiated an increased wage.</i>	
Leap Year	\$ 50,000
<i>The cost of an additional day of salaries division-wide.</i>	
Miscounting FY98-99 Roll-Over funds	\$ 90,000
<i>\$90,000 was rolled over into FY99 and used to pay salaries. Now that these funds do not roll over into FY00, the position cannot be funded.</i>	
Inflation	\$ 60,000
<i>Non-salary inflationary costs due to supplies, utilities, equipment.</i>	
Close Camping at 20 Parks	<u>(\$150,000)</u>
Total	\$850,000

For further information, please contact Peter Skwira of the House Fiscal Staff at (651) 296-4281 or peter.skwira@house.leg.state.mn.us

Appendix 1

Group A

Itasca
Saint Croix
Fort Snelling
Soudan Mine
Whitewater
Sibley
Gooseberry Falls
Wild River
William O'Brien
Jay Cooke
Tettegouche
Forestville
Interstate
Lake Bemidji
Lake Carlos

Group B

Mille Lacs Kathio
Flandrau
Blue Mounds
Myre-Big Island
Lake Shetek
Camden
Lake Bronson
Split Rock Lighthouse
Afton
Savanna Portage
Minnesota Valley
Frontenac
Scenic
Hill annex Mine
Fort Ridgely
Father Hennipen
Maplewood
Minneopa
McCarthy Beach

Group C

Buffalo River
Cascade River
Bear Head Lake
Sakatah Lake
Banning
Nerstrand-Big Woods
Crow Wing
Temperance River
Lac Qui Parle

Group D

Rice Lake
Old Mill
Zippel Bay
Lake Maria
Beaver Creek Valley
Great River Bluffs
Hayes Lake
Judge CR Magney
Charles Lindberg
Glacial Lakes
Upper Sioux Agency
Spilt Rock Creek
Kilen Woods
Lake Louise
Big Stone Lake
Moose Lake
Grand Portage

Group E

Carley
Monson Lake
Geo H Crosby
Manitou
Schoolcraft