

Washington State Parks and Recreation Commission
General Fund Budget Reduction Submittal
Target Provided = \$3.136 Million (15% of FY21 Appropriation)
June 1, 2020

Introduction.

As requested, State Parks is submitting a \$3.136 million General Fund reduction package. This amount, when combined with a \$19 million reduction in earned revenue would mean State Parks would be faced with a \$22 million shortfall. Options are still being considered to manage the \$19 million revenue loss including asking for legislative assistance. An additional \$3.136 million in reductions would significantly and negatively impact park services and maintenance.

Background.

State Parks continues to recover from the drastic cuts taken, and the transition to Discover Pass revenue that occurred during the great recession, over a decade ago. The 2019-21 budget funded about 40 FTEs less than the agency expended in 2008.

Demand for park services has continued to rise over the last few years with expected visits reaching about 40 million per year.

Currently, State Parks relies on earned revenue to pay for 76% of State Parks' general operating costs.

The original 2019-21 earned revenue forecast for the Parks Renewal and Stewardship Account was \$121.1 million. State Parks estimates that revenue will be \$19 million lower due to the COVID-19 pandemic and resulting response. The \$19 million represents:

- A 16% drop in earned revenue for the biennium
- An 11% reduction in biennial, budgeted dollars available to pay for general park operations

Estimates may change as circumstances related to reopening State Parks' services continue to develop.

Making the financial situation worse, closures of state parks and facilities during the pandemic response are during the time when the agency generates the most revenue. Park visitation peaks in the summer months, and about 65% of earned revenue is collected between May and September. Revenue earned during these months is used to pay for increased costs in the spring and summer and generates cash reserves to pay for running the park system during the remainder of the year.

Agency Response to Less Earned Revenue Resulting from the Pandemic Closures.

State Parks immediately took actions to reduce spending to best manage the continuation of agency operations in reaction to declining earned revenue. To-date, the agency has reduced spending plans by about \$8 million by taking the following steps:

- Implemented a hiring freeze in March (8% of permanent positions held vacant)
- Terminated 60 non-permanent employees in April
- Delayed hiring summer, seasonal employees until plans were known for re-opening parks
- Reduced the number of seasonal employees being hired to re-open parks for day-use
- Eliminated use of Washington Conservation Corps crews
- Cut spending plans across divisions for goods, services, travel, and equipment
- Used dedicated funding sources and general fund appropriations to reduce spending from the Parks Renewal and Stewardship account

These measures are up to \$11 million short of the amount needed to end the biennium with an adequate, positive fund balance in the Parks Renewal Stewardship Account (PRSA).

- The current PRSA fund balance projection is \$0 to a negative \$6 million as of June 30, 2021
- The fund balance estimate assumes no working capital reserve

Therefore, to ensure an adequate, positive fund balance to start the 2021-23 biennium, State Parks is faced with the need to find additional financial measures that total between \$5 million to \$11 million. Measures the agency is pursuing include:

- Additional spending reductions for staff and non-staff costs
- Reimbursement of unplanned, COVID-related costs
- Potential for additional tax support through legislative action

Especially challenging for State Parks is that these reductions are taking place at a time when State Parks is re-opening parks to provide recreation opportunities. Providing these park services requires adequate staffing and expenditures for supplies, materials, and other costs to ensure visitor and employee safety and a positive customer experience. Therefore, to balance reductions with opening parks, the agency is focusing on core, recreation-related mission critical work and services.

Chart 1. – Original earned revenue forecast by month versus revised forecast

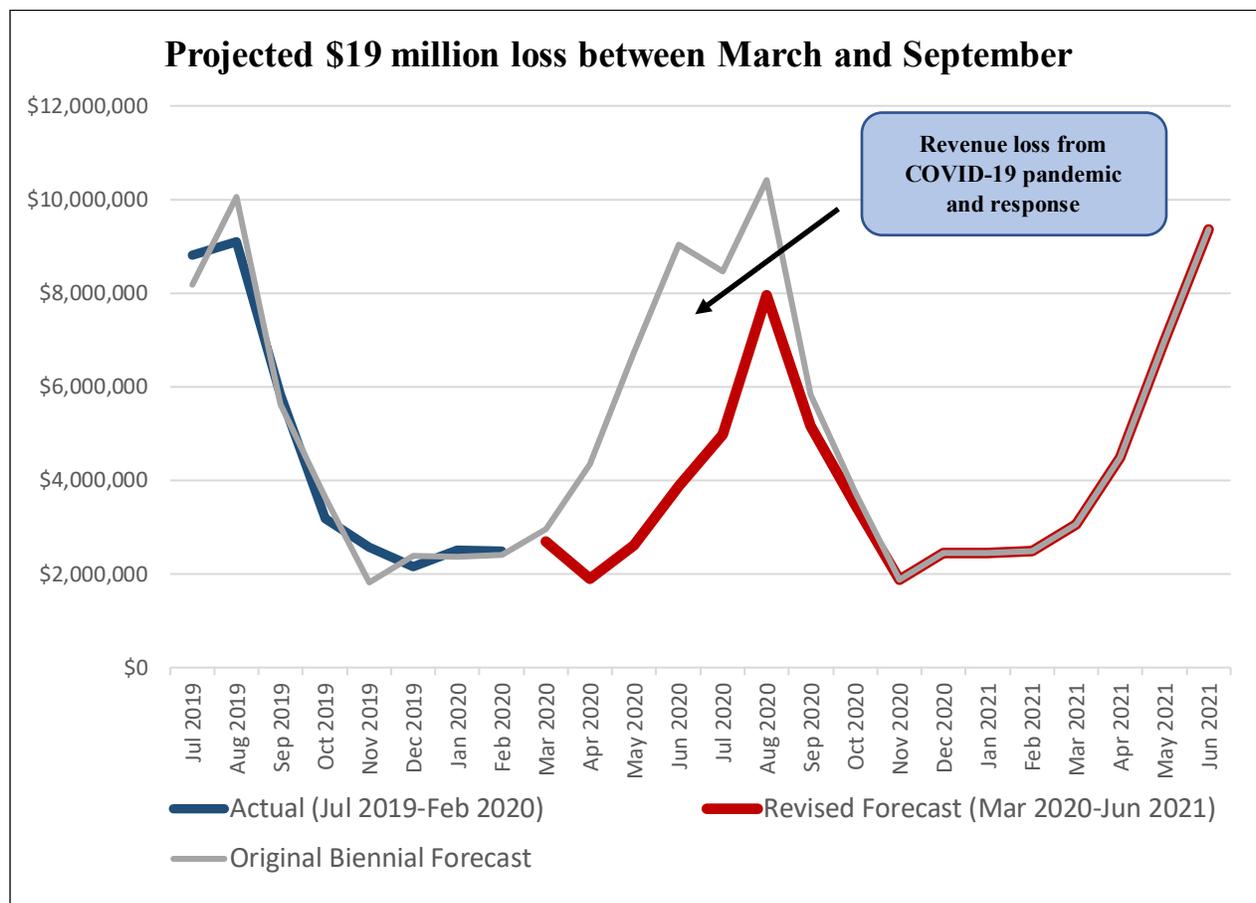
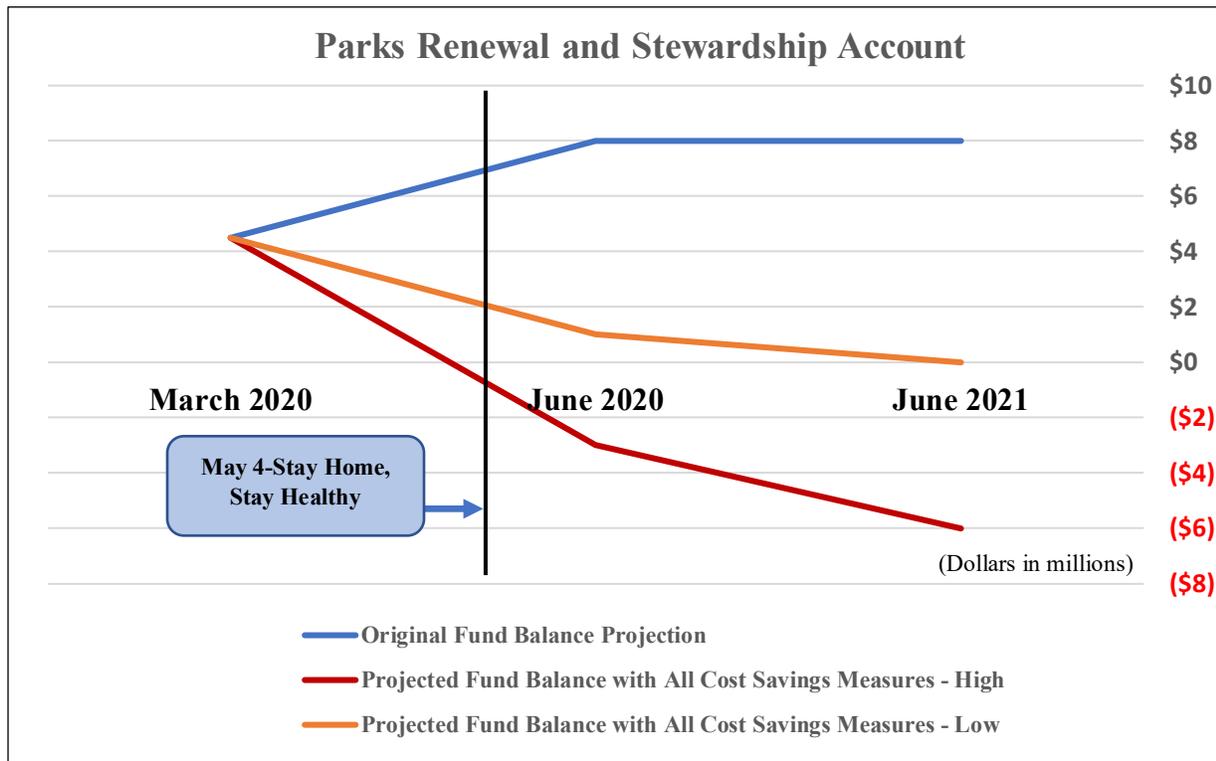


Chart 2. – Original versus revised fund balance projection



General Fund Reduction Target.

State Parks along with other selected agencies is being asked to submit General Fund reduction packages that total 15% of FY21 appropriations. For State Parks this equates to \$3.136 million. This \$3.136 reduction combined with a \$19 million earned revenue shortfall would mean State Parks would be required to manage a \$22 million budget reduction.

If the General Fund appropriation is reduced, with only a couple small exceptions, about 25 or more of the agency’s permanent staff would be at risk of being laid off. This would be in addition to the steps already taken – leaving about 8% of the agency’s full-time positions vacant, reducing non-permanent staffing levels, and current efforts to look at further staff cost reductions.

Reducing State Parks’ budget by another \$3.1 million would necessitate even more significant reductions in functions that would significantly and adversely reduce services and park maintenance. This is at a time when recreating outdoors is one of the healthier activities for people to engage in and when more resources are needed to conduct protocols needed to provide basic services and a safe environment.

General Fund Reduction Options: (Target Provided \$3,136,000)

Reducing FY21 general fund appropriations would put Parks in further financial jeopardy, with only a couple minor exceptions. When preparing this submittal Parks considered the reductions already implemented (described above), and further reductions being contemplated to manage to the \$19 million in revenue loss. The agency also considered the need to keep recreation-oriented mission critical

functions staffed to provide customer service and law enforcement. This approach will help protect the parks while generating revenue in the short and long-term to help pay for park services. Reductions in state general fund support could result in:

- Reduced park visitation and resulting revenue
- Increased long-term costs
- Reduced capacity to protect park properties
- Reduced efforts to ensure public and employee health and safety
- Continued deterioration of facility conditions

Attached is the State Parks submittal (Attachment 1).

Attachment 1

General Fund Budget Savings Submittal FY21; Target Provided = \$3.136 Million

Dollars in Thousands

Agency: State Parks and Recreation Commission

Agency Priority H, M, L	Impact 1-5	Program/Activity	GF-S				FTE Change		Brief Description and Rationale	Effective Date (MM/YY)	Impacts of Reductions and Other Considerations	Law/Reg. Change Required (cite)
			FY 20	FY 21	FY 22	FY 23	FY 20	FY 21				
M	1	Whale Watching Guidelines		75					7/20	No impact.	N/A	
M	2	Scenic Bikeways Program		120				1.0	7/20	Low impact in the short term.	N/A	
M	1	NW Avalanche Center		20					7/20	Potential increased danger to the public by reduced avalanche forecasting.	N/A	
H	4	Public and Employee Health and Safety		900				6.0	7/20	Increased risk of property damage and personal injury. Non-compliance with health and safety requirements. Potential increase in employee L&I claims and higher future worker compensation costs.	N/A	
H	4	Park Maintenance and Park-Based Business Planning and Support		2,021				13.0	7/20	Increased maintenance backlog, delays in park-based projects, potential negative revenue impacts, and potential for negative impacts on park operations through longer response times on system, applications, or telecommunications issues.	N/A	
		Totals		3,136				20.0				

Priority:

L = Low priority agency activity or program M = Medium priority agency activity or program H = High priority agency activity or program

Impact:

1 = Allows continuation of the program/activity at a reduced level 2 = Eliminates the ability to perform program objectives 3 = Eliminates agency function
4 = Long term implications (moves the problem to next biennium) 5 = Short term (reduction to one time increase)

Attachment 1

General Fund Budget Savings Submittal FY21; Target Provided = \$3.136 Million

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			FY 20	FY 21	FY 22	FY 23	FY 20	FY 21				
M	1	Whale Watching Guidelines		75					Program provides information to the public and boaters about the plight of the Southern Resident Killer Whales (Orcas). Needed materials updated in FY20.	7/20	No impact.	N/A
M	2	Scenic Bikeways Program		120				1.0	New program in FY21 to promote bicycle routes of notable scenic, recreational, cultural, or historic value. Propose 1-year delay for implementation.	7/20	Low impact in the short term.	N/A
M	1	NW Avalanche Center		20					The NW Avalanche Center forecasts avalanche conditions. Because one of the users is the State Parks Winter Recreation program this agency is used as one conduit to provide funding to this function. Therefore this submittal represents 15% of the GF amount provided for this function in FY21.	7/20	Potential increased danger to the public by reduced avalanche forecasting.	N/A
H	4	Public and Employee Health and Safety		900				6.0	Reduce resources for 1-year that support public and employee health and safety functions. Functions that would be impacted include hazardous tree removal, health and safety program activities, L&I claims management, and law enforcement program activities. These activities support front line services. Reductions in these areas allow more resource to be retained in front-line service areas.	7/20	Increased risk of property damage and personal injury. Non-compliance with health and safety requirements. Potential increase in employee L&I claims and higher future worker compensation costs.	N/A
H	4	Park Maintenance and Park-Based Business Planning and Support		2,021				13.0	Reduce funding for park maintenance and park business support functions. Functions negatively impacted include preventive maintenance, planning for park projects, data compilation and analysis to inform product pricing, and support for park-based technology. Reductions in these areas would allow more resource to be retained in front-line service areas.	7/20	Increased maintenance backlog, delays in park-based projects, potential negative revenue impacts, and potential for negative impacts on park operations through longer response times on system, applications, or telecommunications issues.	N/A
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