

## Entrepreneurism in America's State Parks

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ALTHOUGH GENERALLY OVERSHADOWED by the better-known *national* parks, the state parks of America are nevertheless far more important today as providers of public outdoor recreational opportunities in this country. With almost 6,000 separate units, embracing some 14 million acres of land and water, the state parks offer an almost endless variety of recreational experiences within relatively easy reach of every American. It was to promote this close-to-home distribution of attractive smaller parks, in fact, that led the first national parks director, Stephen T. Mather, to push for a strong, nationwide state park movement in the 1920s, thinking that success in this endeavor would surely ease the growing pressure on him to create sub-standard national parks in those many areas of the country lacking sufficiently spectacular or truly nationally significant park resources.

That a successful state park movement did evolve over the ensuing half-century is now historical fact. But the wide diversity of state park philosophies and management approaches in use today reflects the many fundamental differences among the states themselves, and makes it difficult to treat "America's state parks" as a single, homogeneous class. For instance, there is still no unanimous agreement as to the essential purpose a state park should serve, or even how the term "state park" should be defined. Although occasional efforts were made in the early years of the movement to codify state park principles and standardize certain policies and practices, they were far from successful. In fact, there is probably less uniformity among the state park programs today than there was fifty years ago, in mid-20th century.

Obviously, the amorphous nature of the subject matter complicates attempts to look for norms or standards for any aspect of state park management. In the face of such

diversity, it is inadvisable to attempt to differentiate between subjective "rights" and "wrongs." About all we can reasonably do is to identify trends and patterns as they emerge, and seek to analyze and evaluate them in terms of their efficacy and appropriateness in a general sense. This is certainly true for the more controversial areas of state park management—and possibly one of the most controversial of all is the place of "entrepreneurism," involving commercialization and/or privatization, in state park operations.

As generally understood, "commercialization" and "privatization" are distinctly different, although often related, concepts. Commercialization pertains to the introduction of money-making enterprises into a park, regardless of who operates them. Privatization, on the other hand, has to do with turning over park facilities and functions—whether money-making or not—to private entities for handling. Both practices have been a regular part of the state park

scene for many years, and it is safe to say that differences of opinion occur not so much over the acceptability of such practices per se as over the degree to which, and the circumstances in which, they are used.

The ability to derive revenues from state park operations has been a strong motivating force from the very beginning. When California undertook to open a part of the Yosemite Valley in 1866 for public recreational use (in what is usually regarded as the very first state park initiative), it sought to finance the operation through a variety of on-site entrepreneurial measures. Years later, Stephen Mather introduced the concept into the national parks with fancy resort accommodations built by private concessionaires at Grand Canyon, Yosemite, Yellowstone and elsewhere. Successes there created a powerful precedent, and the idea for both plusher park developments and the involvement of private enterprise caught on, gradually gaining momentum in the state parks as well.

Many states saw entrepreneurship as the only means by which they could finance their parks, but problems of “too much” or “too unsuitable” soon became apparent. Even Indiana’s Richard Lieber, a giant among the early state park champions, although a strong advocate for financial self-sufficiency nonetheless warned about the “destructive hand of commercialism” in state parks. The trend toward state “resort parks” and similar tourist-oriented state park facilities that picked up steam in the post-World War II era troubled some astute observers. In 1955, National Park Service Director Conrad Wirth lectured state park directors at length about the dangers of over-commercialism, concluding: “I call this to your attention as a grave warning.”

Back then, the state park movement was

still in its formative adolescence under the waning influence of a floundering organization called the National Conference on State Parks (NCSP), in which the National Park Service was also heavily involved. In an idealistic attempt to introduce some consensus quality standards into a rapidly disintegrating state park discipline, the NCSP established first a “vigilance committee” to look for “incongruous” state park developments, and then a joint committee to propose a policy “relating to development, use, and operation of state parks.” As might be expected, a “one size fits all” approach proved fruitless in this case also, and, despite NCSP’s good intentions to provide some helpful guidance, the individual states continued to pursue their own preferred course.

How much and what kinds of state park commercialism to allow are matters that each state has to determine for itself. Thus, states such as Alabama, Kentucky, Ohio, and West Virginia have developed extensive resort park facilities, while others such as Arizona, Florida, North Carolina, and Wisconsin have pursued a more low-key approach. Most states have a mix, perhaps weighted more toward one end or the other. Like beauty, an appropriate level of commercial development in a state park lies in the eye of the beholder. Many of us have strong views on the matter, but I personally feel that the real determinant by which such decisions must be made lies in the purpose the state parks are designed to serve. Unfortunately, this creates a circular problem, bringing us back to the equally perplexing question of why we have state parks in the first place—to which the answer again must inevitably be that each state must decide for itself.

“Commercialism” is not a term that the

states are likely to use in describing revenue-generating measures employed in their state parks. Still, every state park system (although certainly not every state park) relies on these measures to help offset the cost of operating the parks. Certain of these measures (entrance fees, camping fees, etc.) will not be seen as commercial because they are such an integral part of the park operation. Others (gift shops, equipment rentals, vending machines, etc.) similarly will likely be regarded as “visitor services” rather than commercial activities. When money-making enterprises go beyond these more traditional, even essential, measures, however—with the express purpose simply of increasing revenue (more elaborate retail shops, full-scale restaurants, convention facilities, etc.)—then they may properly be regarded as purely commercial.

Unfortunately, there is no simple or fair way to either measure or evaluate the degree of commercialism in America’s state parks. In the final analysis, the park users themselves are probably the best judges of such things. Questions of possible resource damage and deterioration aside, whether or not a park is “too commercialized” is essentially an aesthetic consideration. Even so, some sense of commercial activity in state park systems may be gained from certain statistical data published by the National Association of State Park Directors (NASPD) in its “Annual Information Exchange.” These data, especially the amounts of revenue generated from different park-related sources, can be most helpful in determining apparent trends in each state.

After an experimental exercise in compiling state park statistics for the year 1975, the NASPD inaugurated the project on an annual basis starting in 1979. Although the

returns from the early surveys were incomplete and lacking in consistency and accuracy, they continued to improve over the years so that the reported information is now reasonably reliable and will be used for purposes of the following analysis.

For the year 1984, the total revenue generated from all park-related sources amounted to some \$265 million, representing about 38% of operating expenditures (the cost-recovery rate) for the fifty state park systems. By 1994, total revenues had increased to \$532 million (up 101%), and cost-recovery to almost 45%. For the latest reporting year, 2004, total park-related revenues had climbed to almost \$814 million (up another 53% over 1994). The cost-recovery rate, however, remained about the same, at 46%, because the aggregate state parks operating expenditures had increased almost as fast (up 48%) as revenues during the same decade. Looking at the entire twenty-year span, 1984–2004, all park-related revenues increased by 207% and concession revenues alone by 174%.

Although the above figures clearly indicate that America’s state parks are becoming increasingly proficient at generating revenue, they tell only a small, and probably misleading, part of the story. True, a lot more money is being collected, but some of it is due to a concurrent, although fluctuating, increase in the number of state park users. Over the same twenty-year period, the average number of day visitors increased by almost 13%, although the average number of overnight visitors actually declined somewhat. More users, combined with periodic hikes in user fees, account for increases in park admission revenues of 190%, and in overnight facility rentals of 165%, over the two-decade span. The fact that concession revenues also jumped by a

like amount (up 174%) during this period indicates that privately operated enterprises were at least keeping pace (and no doubt reflects a greater reliance on privatization generally, which will be discussed below).

Because comparable figures are not available for earlier years, it is difficult to illustrate long-term growth and change in many types of revenue-producing facilities in the state parks. Overnight facilities constitute a major exception, however. For example, between 1984 and 2004 the aggregate number of improved campsites increased by 30% (from 119,432 to 155,359), cabins and cottages by 33% (from 4,802 to 6,409), and lodge rooms by 72% (from 3,978 to 6,836). Considering the relatively modest increases in visitation—particularly for overnight visitors—cited above, it would appear that the growing supply of park facilities is getting well ahead of the demand.

Other high-end money-making facilities in state parks have also shown significant increases during the shorter time for which they have been reported. From 1994 to 2004, for example, restaurants increased from 159 to 230, golf courses from 106 to 126, marinas from 254 to 307, stables from 74 to 99, and ski slopes from 32 to 75. Although the scale and quality of these types of facilities will vary considerably, their growing presence in state parks suggests a tendency in some states to cater to a more affluent park clientele, no doubt with the primary intent of producing greater revenues.

Although it cannot be documented with total specificity, it would seem that the trend toward state park commercialization that concerned Conrad Wirth and others a half-century ago is still underway. Clearly, many of the facilities and programs in the state

parks today are designed as much (if not more) to produce revenue as to satisfy public recreation needs. There are valid reasons for this, of course, and the main one is the constant pressure most state park systems feel to become more financially self-supporting. Starting with the recession triggered by the OPEC oil embargo in the early 1970s, the state parks—probably far more than most other government programs—have had to fend for themselves to make ends meet. Having demonstrated through necessity that they could indeed bear more of their own operating costs, they have been expected, even required, to do as well or better ever since. This may explain much of the questionable commercialization of the state parks in recent decades, but it does not necessarily excuse it. As noted earlier, however, it must remain for the using public in each state to make the call on where or when to draw the line.

While the degree of state park commercialization may or may not be seen as a prevalent concern by itself, it is very likely to become more so when private interests get involved. Privatization has long been an accepted corollary of commercialization, going back to the concession operations in many of the earliest state and national parks. But, along with the term itself, “privatization” as it is generally thought of today is largely a practice of fairly recent origin. Like so many other aspects of state park operations, though, there is no clear or consistent understanding or use of the term among the fifty states, and that fact further complicates efforts to assess the results of privatization enterprises in the state parks.

For purposes of a recent survey<sup>1</sup> of state park administrators on this subject, I proposed the following working definition for “privatization” as used in a state park con-

text: *The transfer of responsibility for selected state park functions or activities from the state parks agency to a private party or entity by contract, lease, or other formal agreement.* While almost all of the states accepted this definition, it was clear from the responses that their interpretations still differed considerably. Many states seem to reserve this term for use only on major transactions, up to and including (and, sometimes, exclusively) the transfer of complete turn-key park operations, but excluding most of the traditional, limited-purpose concession activities such as retail sales, equipment rentals and the like. Another term, “outsourcing,” is now widely used to refer to the contracting out of routine park functions such as garbage collection and mowing. In fact, this may well be a useful and valid distinction for purposes of the present discussion, because, while privatizing profit-making operations such as restaurants and lodges would surely fall also within the definition of “commercialization,” picking up trash and pruning bushes would not.

Even allowing for the inconsistencies in application and use of the terminology, however, it is still possible to derive from available information a fairly good overview of current state park practices involving the participation of private enterprise. Almost all state park systems are currently resorting to the private sector for implementing some part of their programs. In most cases, these arrangements are for such purposes as providing food services; operating day-use facilities such as marinas, golf courses and horse stables; and handling retail sales and rentals. At what might be considered the other extreme, however, a disturbing (to me, anyway) number of states report turning over entire parks for operation by pri-

vate entrepreneurs. If this is seen as a permanent disposition, it raises the obvious question of whether these parks will retain the public-service orientation and sensitive resource management essential to the state park philosophy—or, perhaps more basic, why they are still regarded as *state* parks anyway.

Although it would seem clear from contemporary news stories that privatization is a growing trend among state governments generally, most of the states responding to my survey consider that privatization in state parks has increased only slightly or remained fairly static over the past twenty-five years. This is reassuring, because the very nature of state parks, with their inherent susceptibility to commercialization, would suggest that they are a public program less suitable than most others for adaptation to private methods. The use of private expertise and, especially, private capital can be very helpful in many government applications, but for programs like state parks it is supremely important to recognize the critical difference between the profit-making motivation of private enterprise and the public service motivation of the state parks agency.

Of particular concern is the tendency in some states to force privatization on the state parks for what must be seen as primarily political reasons. Although such practices have caused serious problems at times, the state park administrators tend to be more pragmatic (and discreet) in citing their purposes for privatization. Three main reasons stand out: greater economy, greater efficiency, and necessity, in that a desired project or program could not have been undertaken otherwise. Interestingly, neither generating additional revenue nor facilitating private enterprise (as through a partner-

ship arrangement) was ranked very high. On the surface anyway, the above feedback would suggest that outright commercialism is *not* a major motivation for privatization in America's state parks.

If privatization seems to have been accepted as a suitable means of accomplishing state park goals, however, it is still regarded by many with a wary, if not openly skeptical, eye. A sizeable majority of the states rate their experiences with privatization as very, or at least somewhat, satisfactory, but about a fourth are less than pleased. Problems, real or potential, have been recognized, of which the principal one, far and away, is unsatisfactory contractors or lessees. Also noted were concerns over park resources degradation and loss of park identity due to privatized operations; loss of control, visitor dissatisfaction, and over-commercialization were viewed as lesser problems.

The apparent trends toward continuing commercialization and privatization, whether directly related to each other or not, pose potential problems for the future of America's state parks. So much depends on the primary purpose the state is trying to serve through its parks program. If satisfying its public through various forms of active recreation, largely unrelated to a natural park environment, is the goal, then additional park facilities, possibly constructed, managed, and operated with some degree of private involvement, may well prove conducive. On the other hand, if the state parks are seen as the means of providing an essentially natural setting for close-

to-home, resource-based recreation—for which there is no reasonable alternative available in the private sector—then superfluous development and the introduction of profit-making enterprises will surely be counterproductive.

There is no single paradigm for an ideal state park system in America. At present, each state is pursuing its own course as it sees fit, guided by different goals and motivations. All have accomplished great things for the people they serve, and all have made some mistakes. As they now contemplate the future direction they will take in a rapidly changing world, it is more important than ever that they have a clear idea of the kind of state park system they want to leave for posterity. Determining an appropriate degree of commercialization—whether much, little, or none—and the extent to which privatization can be helpful and productive in the process will have a critically important bearing on the shape that future state park systems will take.

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### **Endnote**

1. An informal e-mail survey of the nation's fifty state park directors on the subject of "privatization in state parks" was conducted by the National Association of State Park Directors on January 25, 2005. The purpose of the survey was to develop a general sense

of current attitudes and recent experiences in the area of “privatization.” Twenty-five states, representing a broad geographical distribution, responded by the requested return date of February 7. Information from the survey was compiled, analyzed, and interpreted by the author.

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