

Department of Parks and Recreation

Park Unit Costing

Fiscal Year 2014-15

The Department of Parks and Recreation (Department) operates the State Park System which is comprised of 279 park units that deliver park and recreation services to the public. The State Park System is organized into 22 districts, four of which include off-highway vehicle parks. Many of the districts are further organized into 66 smaller groupings called sectors, and each sector comprised of several park units. This report is intended to provide an increased level of fiscal information to allow the public to gain a greater understanding of how departmental funding is allocated to all of the parks.

The Department's fiscal tracking system allows districts to allocate expenditures to the park unit level. However, some expenditures are shared among park units such as utility service contracts and staff resources. For expenditures not allocated to the park unit level, the Department developed a cost allocation plan of how those costs should be distributed down to the various parks in the system. The Department's examination of the State Park System's budget focused on the support budget expenditures—not capital outlay or local assistance expenditures—in order to capture those costs that best reflect the costs of operating individual parks within the State Park System.

This report includes four charts as follows:

- California State Parks Unit Expenditure Summary Fiscal Year 2014-15
- California State Parks Unit Expenditure Detail Fiscal Year 2014-15 (which provides further information in support of the Summary)
- California State Parks Budget Plan Fiscal Year 2015-16
- California State Parks Draft Budget Plan Fiscal Year 2016-17

The costs for the State Park System fall into two main categories:

- **Direct Costs** - These costs include expenditures and encumbrances which directly benefit a park unit. Some examples are staffing and operating expenses.
- **Indirect Costs** - These costs include expenditures and encumbrances which indirectly benefit all park units. One example is the Department's Headquarters operation which benefits all park units. These costs are identified as "Core Programs".

Fiscal Year 2014-15 Expenditures

The two charts titled “California State Parks Unit Expenditure Summary Fiscal Year 2014-15” and “California State Parks Unit Expenditure Detail Fiscal Year 2014-15” display the support expenditures for the Department for the 2014-15 Fiscal Year. These charts show that the Department spent \$ 440 million to support the State Park System. Of this amount, \$287 million were direct costs for the State Park System (the sum of the staffing, operating expenditures and encumbrances columns) and the balance of \$154 million were for indirect overhead costs (the sum of the distributed administration, core programs expenditures and encumbrances columns). These charts include all expenditures and encumbrances that occurred in the 2014-15 Fiscal Year, regardless of the year of appropriation. This report ties to both expenditures reported in year-end financial statements, and reconciles with the information reported in the Governor’s Budget utilizing the information available in Calstars, including the B06 report.

Direct Costs (Staffing, Operating Expenditures, and Encumbrances)

Districts can allocate costs to the park unit level using the Department’s fiscal tracking system. For those costs not allocated to the park unit level, we allocated the costs to the park units using percentages based on the overall time and resources spent on the park units.

Indirect Costs (Distributed Administration, Core Program Expenditures and Encumbrances)

Distributed administration expenditures for state departments (often referred to as department overhead) typically includes services provided by headquarters such as legal, accounting, personnel, and training. The core program services are those provided through the various program divisions in the Department. Some of the core programs include:

- Cultural and Natural Resources Management
- Interpretation and Education
- Facilities Management - Maintenance and Repairs
- Bond Funded Programs

An example of such a service these core programs would provide is on a project to improve access for disabled visitors through ADA improvements.

The distributed admin and core expenditure program’s costs were distributed by applying a percentage to spread those costs to the park unit level. The portion of the costs for headquarters and core programs that were “project-specific” were assigned to the specific park where the activity occurred. Many of the core program functions are/were be one-time expenditures

Non-Park Unit Costs

Not all support costs for the Department are directly related to the support of the State Park System. These costs total \$32.7 million. For example, the Office of Grants and Local Services administer grants provided to local agencies, having no fiscal impact or direct benefit to park units. Consequently, those expenditures are detailed in separate section titled “Non-Park Unit Costs” on the last page of the charts detailing the 2014-15 fiscal year expenditures.

Operating Agreements

Parks which operate under an “operating agreement” are identified by an asterisk next to the park title listed in the charts. While these operating arrangements assist in keeping a park (or portions of the park) open or extend the days they are in operation to serve the public, there are costs associated with the administration, management, and oversight of these arrangements.

Fiscal Year 2015-16 Budget Plan

The chart titled “California State Parks Budget Plan Fiscal Year 2015-16” details the Department’s budget plan for Fiscal Year 2015-16 at the park unit level. The 2015-16 Budget included \$512 million for support of the Department. Of this amount, the Department plans to allocate \$474.1 million to the park units of the State Park System. The Department assumed the same distribution percentages used to develop the park unit level expenditures for 2014-15 Fiscal Year when developing the 2015-16 park unit level allocations, adjusting for any additions or deletions of park units. The Department will adjust the allocations, as needed, through the fiscal year as it continues to manage its budget.

Fiscal Year 2016-17 Budget Plan

The chart titled “California State Parks Draft Budget Plan Fiscal Year 2016-17” details the Department’s draft budget plan for fiscal year 2016-17 at the park unit level. The 2016-17 Governor’s Budget proposes \$464 million for support of the Department. Of this amount, the Department plans to allocate \$429.7 million to the park units of the State Park System. The Department assumed the same distribution percentages used to develop the park unit level expenditures for 2014-15 Fiscal Year when developing the 2016-17 park unit level allocations, adjusting for any additions or deletions of park units. The Department will adjust the allocations, as needed, through the Fiscal Year as it continues to manage its budget.

Limitations in Comparing 2014-15 Actual Expenditures to 2015-16 and 2016-17 Budget Plans

While the report of 2014-15 expenditures include only those expenditures and encumbrances occurring in that specific fiscal year, the 2015-16 and 2016-17 projected expenditures assumes the Department will expend everything available to it in that fiscal year—including all funding available from prior years. Consequently, a year to year comparison of expenditures for these three years is misleading.