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# NPS OPERATION AND MANAGEMENT

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## HEARING

BEFORE THE  
SUBCOMMITTEE ON NATIONAL PARKS  
OF THE  
COMMITTEE ON  
ENERGY AND NATURAL RESOURCES  
UNITED STATES SENATE  
ONE HUNDRED NINTH CONGRESS

FIRST SESSION

TO

REVIEW THE NATIONAL PARK SERVICE'S BUSINESS STRATEGY FOR  
OPERATION AND MANAGEMENT OF THE NATIONAL PARK SYSTEM,  
INCLUDING DEVELOPMENT AND IMPLEMENTATION OF BUSINESS  
PLANS, USE OF BUSINESS CONSULTANTS, AND INCORPORATING BUSI-  
NESS PRACTICES INTO DAY-TO-DAY OPERATIONS

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JULY 14, 2005



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## **NPS OPERATION AND MANAGEMENT**

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**THURSDAY, JULY 14, 2005**

U.S. SENATE,  
SUBCOMMITTEE ON NATIONAL PARKS,  
COMMITTEE ON ENERGY AND NATURAL RESOURCES,  
*Washington, DC.*

The committee met, pursuant to notice, at 2:20 p.m., in room SD-366, Dirksen Senate Office Building, Hon. Craig Thomas presiding.

### **OPENING STATEMENT OF HON. CRAIG THOMAS, U.S. SENATOR FROM WYOMING**

Senator THOMAS. We will go ahead and get started. As I mentioned to the witnesses, we're a little mixed up today on time, and we're going to have some votes, I think, at 3 o'clock. Then, at least according to the schedule, about 3:15 we're supposed to have our first meeting of the conference committee on energy, and whether that will happen or not, I don't know. But in any event, we certainly want to hear from the witnesses, and so we are starting a little early, and I hope we will be joined by some others.

So I do want to welcome you and welcome the witnesses here today. The purpose of this meeting, of course, is to review the Park Service's business strategy for operating and managing the National Park System, including the development and implementation of the business plans, the use of the business consultants, and incorporating business practices into the day-to-day operations of the parks.

The Park Service, of course, has a challenging mission of preserving the parks, providing for visitor enjoyment, at the same time operating under a limited amount of resources, and so hopefully using those as effectively as we can, while also seeking more, of course.

Since 1916, the Park Service has grown, and continues to grow, 388 units now with visitation of approximately 300 million people. Involved in that visitation and those units are 23,546 employees managing an annual budget which is indeed sizable, about \$2.6 billion.

Improperly, we think the Park Service's responsibility is to manage the resource and to make it good for visitors, but also with a program of this size, one of the responsibilities is to do it as efficiently as we can and in the most business-like way that we can. I've been pleased with the progress that I think has been made over the last several years in terms of moving in that direction.

So we want to gain a little better understanding today of the business practices, the tools and the techniques that are currently being used, how you evaluate those, and what you think might be done to implement them in the future, and to improve the accountability of the system.

So thank you all for being here and we look forward to your remarks. They, of course, will be on the record, and even those members that aren't here will have a chance to look at them, and I think they will be very important.

Mr. Bruce Sheaffer is the Comptroller of the National Park Service; Mr. Tom Kiernan is president of the National Parks and Conservation Association; Mr. Flip Hagood is senior vice president of the Student Conservation Association in Virginia; and Mr. Geoff Baekey is manager of PricewaterhouseCoopers in Boston, that of course is the business person involved.

So, gentlemen, we'll just go right down the list.

Mr. Sheaffer, if you'd like to begin.

**STATEMENT OF BRUCE SHEAFFER, COMPTROLLER,  
NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR**

Mr. SHEAFFER. Thank you very much, Mr. Chairman, for the opportunity to be here and to be sitting among my partners in many of the ventures we're going to talk about briefly today. At no time in the Park Service's history has it been more important that we improve our processes, become more business-like, and to the maximum extent possible be transparent in our operations and effective and efficient in the way we do business.

We're going to talk about some of the ones that you mentioned in your summary statement there very quickly, and I have a fairly lengthy statement that I would like to enter into the record.

Senator THOMAS. It will be entered in the record.

Mr. SHEAFFER. Thank you, sir. I'm going to kind of summarize these items in the order that they were kind of invented, if you will. And I think the business plan process is one you may have heard something about over time. Actually its beginning really grew out of something I think that was very personal to you, and that was in the mid-1990's when there was some controversy over some decisions made actually in Yellowstone National Park, Senator. And at that time there was some discussion as to how it is they arrived at that particular decision, the closing of a campground in this case, and how it was that we were going to document—how it is we documented those things that were important for the fundamental operation of that park. And we had a difficult time in our communication and our presentation. There wasn't a single document that could be held out and used as a real clear presentation as to how they were programming and spending their money. And thus the business plan was born.

At the time we started the business plan process, we engaged with NPCA, who voluntarily agreed to be our partner in this process, and provided us some funds to get it moving. And a determination was made that a way to get at a quick and effective tool here would be to bring in business consultants, consultants that had graduate degrees, had some experience already in the business world. And so we went about recruiting from some of those schools,

using at the time NPCA, and have had a summer program ever since that produced about a dozen plans a year in 12 different parks or programs, major programs.

The business plans—and we have some examples that we can leave with you and provide plenty more. The business plans fill a number of gaps that exist in the way the parks present and manage their budget, not the least of which is it has, under one cover, all sources of funds that are brought to bear in operating and developing a park area, including, of course, donations, fee revenues, and a variety of the ever-growing number of fund sources available to a park. It shows the history of the funds, and the history of the park's operational funding. It does provide some indication of additional needs and has a very strong and ever-growing section that deals with strategies for non-appropriated solutions to park operating problems. In this particular day and age, with highly constrained budgets, that is ever increasing in its importance.

As I said, the notion of bringing graduate students to bear provided a number of things. It provided us an opportunity to get some real fresh ideas from outside and in the private sector on how we might improve our operations. And by the way, as I think an important notable byproduct, we've been able to hire some of these young people, and I question if we would have been able to do so without exposing them first to the National Park Service in this way. We actually have 17 of these very well-educated people, from some of the best business schools in the country working for us now, many of them in the concessions arena, an area I know is of particular interest to you.

Second is the scorecard. The scorecard is another process that fills another gap, we feel. Historically the Park Service set its priorities by rendering a series of judgments of park managers. It didn't have as much structure as it needed in order to convince those outside how it is we set our priorities and how we went about evaluating our programs. The scorecard fills that gap. It analytically looks at certain relationships, certain deficiencies that should or do exist in park areas, looks at the history of the funding as well, and draws comparisons over time of one park to the other and how well situated they are to handle the workload that they have to deal with.

Core operations—one that I think you've had some recent conversations about with our Deputy Director and Fran Mainella, our Director—is a program that has been recently employed that sits managers at different levels from regional level and elsewhere down with organizational managers and they go through, person by person, function by function, and review the operation of the park to determine the things that are essential to the mission of that park area and that program that are at the center and core of that program, those things that are legally mandated, and some of those things which are very good and desirable to do, but not necessarily core.

There are a number of other processes we have underway, and with more time, of course, we could get into more depth. Mr. Chairman, I do want to mention that we are heavily engaged in a program that I think is well known at this point called an OMB PART review program, as well. It's a program that OMB has invented

that analyzes Federal programs in a fairly detailed way, looking at the way in which the—making certain of certain things. For example, they make sure the purpose of the program is well defined, make sure that the success of the program in fact can be measured, and make sure that it has effective oversight and management.

So in a very short time, I've summarized these things, and I think some of the folks to my left and our partners in these processes will speak to some of these same items as well.

[The prepared statement of Mr. Sheaffer follows:]

PREPARED STATEMENT OF BRUCE SHEAFFER, COMPTROLLER, NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR

Mr. Chairman, thank you for the opportunity to appear before you at this oversight hearing on the National Park Service's business strategy for operation and management of the National Park System, including development and implementation of business plans, use of business consultants, and incorporating business practices into day-to-day operations. The use of effective business practices to fulfill our core work is one of the key aspects of promoting management excellence, one of the Director's five stated goals for the next four years. We have been moving on several fronts to adopt more business-like practices and we are pleased to share with the subcommittee our progress in this area.

One of the most important areas in which the National Park Service (NPS) is pursuing more business-like practices is in our budget formulation process the process we use to determine the most effective and efficient allocation of funds requested in the President's budget and appropriated to NPS by Congress. Over the past several years, we have adopted four new tools that are improving that process: the park scorecard, a core operations analysis, the budget cost-projection module, and business plans. In addition, the NPS is participating in the use of the Program Assessment Rating Tool (PART), a government-wide initiative that attempts to move agencies toward greater levels of budget and performance accountability. Examples of other areas in which NPS is engaged in more business-like practices include the concessions program, facility maintenance, the Department's all-in-one business system, and competitive review processes.

The park scorecard NPS has developed is an indicator of each park's financial, operational, and managerial health. In addition to serving as a management tool for the park superintendent, the scorecard is used to aid in the identification and evaluation of base budget increases for park units. It provides an overarching snapshot of each park's current situation by offering a way to analyze individual park needs and to understand how parks are faring relative to one another based on broad, objective criteria. The current version of the scorecard has over 30 separate measures identified, all of which are grouped into four categories: financial management, organizational management, recreation, and resource management.

Although not yet fully developed, the scorecard played a role in the selection of parks for the additional FY 2005 operations funding provided by the Congress. The scorecard will be continually evaluated and expanded to meet park performance and budget needs and we anticipate that its use, in time, will aid NPS in evaluating all base programs, as well as incremental changes.

In addition to the scorecard, we have developed a core operations analysis process that integrates management tools to improve park efficiency. This process has been used successfully in the Intermountain Region, which has set a goal of reallocating resources equivalent to at least 10 percent of base funds to key activities and top park priorities. Each park within the region is seeking to: 1) achieve personal services and fixed costs equal to or below 80 percent of base funds; 2) pursue efficiencies based on cost-benefit analyses of alternatives; and 3) ensure that each park's base budget relates to core operations and overall National Park System goals and priorities.

To achieve these goals, the Intermountain Region went through a multi-step process. The region:

- Undertook an exercise of projecting their costs into the future if they made no changes at all in organization structures, program delivery, distribution of personnel and resources, and management practices;
- Compared this projection with likely available funding and concluded that without any priority setting or improved management they would experience a shortfall in resources;



- Identified clear “purpose statements” for each park and identified each park’s priorities;
- Reviewed and analyzed the current allocation of personnel and resources by each activity, examining whether the activity was a core activity, legal requirement, desirable but not absolutely necessary, and determined whether FTEs could be eliminated or whether more FTEs were needed for that activity;
- Identified current and potential efficiencies that reduced costs per unit of output, avoided costs, generated cost recoveries, or eliminated lower-priority activities;
- Developed an action plan to implement the potential efficiencies; and
- Worked with employees to communicate, implement, and adjust the plan.

A sampling of the significant results generated by this effort includes:

- The region’s Cultural Resources Division reorganized three units into one functional organization, reducing FTEs by 12, flattening the organization structure, and making possible a reallocation of over \$1 million annually;
- Chickasaw National Recreation Area reorganized trash pickup in campgrounds to reduce the number of hours from 1,800 to 600, making possible a redirection of \$37,020 to higher priority activities;
- Rocky Mountain National Park proposed to close one of six visitor centers, which would enable reallocation of three FTEs and over \$40,000 to underserved core activities; and
- San Antonio Missions National Historic Site combined administrative and special projects officer positions with a reduction of one FTE and a possible reallocation of \$100,000 to maintain needed ranger positions.

The core operation analysis process is designed to assist park management in making fully informed decisions on staffing and funding alternatives that tie to core mission goals. This will ensure that funds are spent in support of a park’s purpose, that funds are spent in an efficient manner, that a park’s request for funding is credible, and that there are adequate funds and staff to preserve and protect the resources for which parks are responsible.

Both the scorecard and the core operations analysis process are used in preparing park business plans. Business plans help parks to focus on operations, develop cost objectives, identify revenue sources beyond appropriated funds, and plan out the highest priority projects for the next three to five years. Our business planning has evolved and improved. Early generation plans tended to identify park activities and core needs; restructuring or changing service practices to achieve efficiencies; or developing strategies for meeting goals beyond seeking additional appropriations. Our business plans now provide a better roadmap and strategies for addressing priority needs and park goals.

As part of our business plan initiative, the Student Conservation Association, a nonprofit organization, sends graduate students from top business, environmental management and public policy schools across the country to work at park units during an 11-week summer internship. Over the last nine years, more than 200 students have participated in the program, with many of them now working full time at the park, regional, and national levels. With the help of the Student Conservation Association internship program, we will be able to complete 12 business plans this summer.

To assist park units in preparing business plans, we have developed, through a contract, an Electronic Performance Support System. This system supports consistency across the entire program through the use of a standardized template, reduces workload on existing park staff, and allows for archiving of business plan-related data. Through automation, the time needed to assemble and process data has decreased, providing more time during the summer for parks to develop a true action plan and to focus on financial strategies.

Park scorecards, the core operations analysis process, and the business plan initiative have been developed with built-in connections to the individual park’s goals, the NPS’s goals, and the Department’s Strategic Plan to assure that all business strategies and processes conform to the Government Performance and Results Act of 1993 (GPRA), which requires the utilization of budgetary resources to reach strategic outcomes and to measure our efforts to reach our goals against documented baselines.

Complementing these processes is the recent development of the budget cost-projection module, a tool that allows park managers to project the financial impact of decisions made today on future park budgets. Managers enter their assumptions regarding staffing (e.g. retirements, filling vacancies), pay and benefit changes, inflation, and the cost of meeting new program requirements over a five-year period. The

system then provides a financial roadmap for the manager to determine the sustainability of their financial assumptions.

In addition to these measurement tools and methodology, the NPS is also participating in the use of PART, a government-wide initiative that attempts to move agencies toward greater levels of budget and performance accountability. PART is a systematic method of assessing the performance of program activities across the Federal government that was created and implemented by the Office of Management and Budget (OMB). It is a diagnostic tool used to improve program performance by reviewing overall program effectiveness, including program design and implementation and the ability to achieve results.

PART reviews have been completed, or are currently underway, on about seventy-five percent of the programs in the FY 2006 NPS budget request. The remaining programs are scheduled for review in 2006. All NPS programs which have completed PART reviews received acceptable scores except for Land and Water Conservation Fund State Grants, which received a "Results Not Demonstrated" rating due to a failure to demonstrate an adequate process for measuring performance and accomplishments. Both the Natural Resource Stewardship and the National Historic Preservation Programs received a score of 83 percent and were deemed moderately effective.

The NPS continues to work with OMB to develop performance measures for programs that have insufficient or inappropriate metrics in place and implement recommendations to improve program performance and efficiency. PART evaluations and recommendations continue to inform both budget formulation and program management decisions.

There are several other areas in which NPS has adopted more business-like practices in its operations. A critically important one is our concessions program, where business consultants have helped bring best business practices to our efforts and develop protocols that focus on the key processes of contracting and contract oversight in all concession contracts. We are also professionalizing our concessions work force; in fact, several of the business graduate students who have helped develop business plans have been hired by NPS for concession management positions. These practices are helping ensure that park visitors receive the best possible services. The concessions program is one of the NPS programs that is currently undergoing a PART evaluation.

Another key area where the adoption of business practices is demonstrating real results is in facility maintenance. As part of the President's initiative to address the deferred maintenance backlog, NPS has, for the first time, developed an inventory of all facilities in eight industry-standard categories. We will complete comprehensive condition assessments of those facilities, for the first time, by the end of 2006. Those assessments will be critically important in future decisions about the most effective and efficient way to allocate maintenance dollars.

The NPS is also a full partner in the Department's effort to implement an all-in-one business system—the Financial and Business Management System—that will not only replace all of its bureaus' individual finance systems but will also encompass all other business activities such as procurement and travel, and make use of activity-based costing methodology as a tool for best practice identification and the strategic realignment of resources.

The NPS has improved its competitive review process by conducting preliminary planning with the assistance of outside industry expertise to ensure that we have the best, most efficient organization and operations in place. Significant benefits are being realized in terms of aggressive staff management, which include position review, replacing vacant park administrative positions with new business management positions, and determining to compete functions if they are found more efficiently performed in the private sector. One successful outcome of this process occurred at our Southeast Archeological Center, where operations were reconfigured to a more efficient workforce structure, saving an estimated \$850,000 per year over five years. Another was at Natchez Trace Parkway, where facility maintenance savings resulting from a competitive review will save \$1.2 million over five years. In both of these cases, by improving the management of these functions, the NPS employees were retained and the savings were kept by the park. Five areas began undergoing preliminary planning efforts in 2004. Another three parks are scheduled for preliminary planning this year.

Mr. Chairman, this concludes my statement. I would be happy to answer any questions you or other members of the committee might have.

Senator THOMAS. Good, fine. Thank you, sir.  
Mr. Kiernan.

**STATEMENT OF THOMAS C. KIERNAN, PRESIDENT,  
NATIONAL PARKS CONSERVATION ASSOCIATION**

Mr. KIERNAN. Thank you, Mr. Chairman, for the opportunity to testify. I'm Tom Kiernan, president of the National Parks Conservation Association. We have, since 1919, been the nonpartisan leading voice for the American people in protecting and enhancing the National Park System. We currently have about 300,000 members nationwide.

Mr. Bruce Sheaffer summarized some of the history of the business plan initiative. Let me just build on what he said by highlighting two, if you will, external benchmarks of success of this program. There are a lot of examples inside the Park System of the success too that the committee may not be aware of. One is, in 2003, the Harvard Business School wrote a business case, that is now being taught to many of the students at the Harvard Business School, on effective public-private partnerships and that case was on the business plan initiative that was created through this partnership, and I think helps justify or helps explain the importance and the success of this initiative.

The second is the extent to which, through a number of means, including NPCA Center for Park Management, this methodology is now being employed on many other public lands. About a dozen national forests now use the business plan methodology, a number of State park systems—Vermont, New Mexico, and others—and a number of international national park systems, for example, the parks of Egypt. The Red Sea parks in Egypt, the national parks in Madagascar, and other countries are as well employing either this methodology or a derivative thereof, and it speaks, I think, to the importance and effectiveness of the methodology.

I do have a few recommendations, a number of which are in our written testimony, which we have submitted to the committee, and I'll just summarize a few of them in a moment. First, with regards to the methodology itself, over the last 8 years, the Park Service, with NPCA, and now with SCA, has created this platform of the business plans to help communicate, budget, plan, and manage in the parks.

And it's our strong recommendation that what's needed is a continued evolution, enhancement, improvement, and keeping this methodology alive and evolving. And one way of doing so relates to the other methodologies that Mr. Sheaffer mentioned, the core operations and the scorecard and others that we do support and we do encourage, as I believe the Park Service is doing, working to integrate, to link, to bring together these multiple methodologies so that they are linked, so that we avoid any potential confusion and also so we get the synergy of the different methodologies.

The second recommendation regards the implementation of the business plan recommendations. We have noted over the years that many of the parks have been able to effectively implement the recommendations of the business plan, at Gettysburg, at Golden Gate, at Eisenhower National Historic Site. A number have very effectively implemented recommendations, saved some money, enhanced revenue sources, but a number of parks have had difficulty doing that.

Thus, it's our recommendation to this committee that it continue to provide additional funding, because in some cases the funding is short or the staff time has been short, or the staff and the park have not had the internal expertise to implement some of the recommendations. And the parks need additional funds both to meet the needs of the parks, as well as to improve the management systems and their management capability inside the parks.

The third recommendation regards the data. The business plans are a very significant data and strategy resource for the Park Service, Congress, and the public that, we would encourage, might be more fully utilized. We would recommend the Park Service construct an even more enhanced program for mining the data and the strategies that have been generated by the business plan process.

For example, a number of the parks, through the business plans, identified a need to improve their vehicle fleet management, or to improve their fee collection program. And the Park Service has now come up with a multi-park strategy for helping the parks implement those recommendations. We think there may be some other similar multi-park strategies and the Park Service should be encouraged to mine that data, and frankly may need some additional funding to do so.

The last recommendation regards model parks. There are a number of different management strategies that Mr. Sheaffer mentioned that are underway to help codify or to celebrate or to demonstrate, and to extend these successes we would recommend that together the Park Service and Congress establish some type of a model parks program. Such a program would help demonstrate current management improvements, transfer them to other parks, and by investing additional funds into these model parks, help demonstrate and test strategies for other parks, as they get additional funds, for how to most efficiently and effectively use those added funds.

In conclusion, we are very pleased to note that the Park Service appears to be making significant headway in improving its internal management strategies and we commend them for it, and are happy to answer any questions you may have.

[The prepared statement of Mr. Kiernan follows:]

PREPARED STATEMENT OF THOMAS C. KIERNAN, PRESIDENT,  
NATIONAL PARKS CONSERVATION ASSOCIATION

Mr. Chairman and members of the Subcommittee, thank you for the opportunity to testify on the utility of business planning in national parks. I am Tom Kiernan, president of the National Parks Conservation Association. Since 1919, the non-partisan National Parks Conservation Association has been the leading voice of the American people in protecting and enhancing our National Park System for present and future generations. Today we have 300,000 members nationwide who visit and care deeply about our national parks.

The subject of today's hearing is of considerable importance to NPCA and we have been working to import the concept of business planning into the national parks and other protected areas for the past eight years. As you know, the concept for bringing this standard business tool to use in national parks was an idea that was hatched in Yellowstone in 1997, when Congress asked for documentation of how the superintendent arrived at a decision to close a campground due to funding problems. It took the park months to gather the needed paperwork and make its case satisfactorily. Through this experience, it became apparent that the park could use some strategic assistance from the business community.

The National Parks Business Plan Initiative was born the following year as a partnership between NPCA and the National Park Service with the support of sev-

eral philanthropies in testing the use of business plans in a park environment. As partners, together NPCA and NPS approached the task by importing the talents of the best and brightest from business and public policy schools around the nation and focusing their talents on developing the business plans during their summer break, working hand-in-glove with park managers in the field. Over time, NPCA and NPS developed a comprehensive template for the business students to use that both harnessed existing park data and utilized the students' insight.

The business plans the Park Service has been producing at many national park units provide important information about how well existing resources enable park managers and staff to accomplish their mission. This has been, and continues to be, an evolving program; the Park Service deserves credit for continuing to use and improve the business planning process. The Business Plan Initiative helps strengthen financial management capabilities at parks and facilitate meaningful dialogue about park needs. Every year the Park Service's business plans get stronger, and the evolution of the program promises to continue delivering important benefits in the coming years.

It took several years to refine the program to the point that it appears today—a web-based system that assesses the human and financial capacity of parks to respond to their responsibilities in dozens of categories from concessions management to trails maintenance. The program now used by the Park Service is replicable by the parks on a regular basis and has the capacity to allow managers to track their progress towards addressing shortfalls and problems identified by the plans. The partnership between NPCA and NPS lasted for six years and in that time we completed 64 park business plans. In the past two years, NPS and the Student Conservation Association have completed 24 business plans for park—though seven of these plans are updated plans from parks that completed the process years ago. Once the plans being done this summer are published, we estimate that more than 25% of all units in the National Park System will have complete business plans.

#### PURPOSE OF PARK BUSINESS PLANS

From the time that the concept was conceived in Yellowstone to today, business plans have been intended to serve a dual purpose: to provide parks with an effective external communications tool and to provide park managers with a useful management tool. In 1997, during the first business plan training session at the historic Lake Ranger Station in Yellowstone, the park managers participating in the program had an extended and prescient discussion about this dual role and the potential importance of business planning to the national parks. The conclusion in that meeting was that the communications role of business plans would be the role most used by the parks but the most important role of the business plans was their use as a management tool, providing the most long-term utility in helping park managers operate as effectively as possible, no matter the resources available. That observation remains true today and outlines both the problems that the Park Service has experienced and the promise that well-done business planning holds for the parks.

As a communications tool, the focus of the business plan program is on the product itself. Like no other product available to the Park Service (or most other federal or state agencies) business plans encapsulate the "business" of the park: what the park is about, its mission, focus, strategic direction, allocation of human and financial resources, additional resources needs, and opportunities for betterment. This is accomplished in a compressed period of time and expressed in a reader-friendly, open format. Parks have used the business plans to educate new staff, new management, and stakeholders of all kinds, from members of Congress to gateway community leaders. They have also proven useful as internal educational tools for NPS regional and national managers, giving parks that have completed business plan an advantage over others in arguing for the allocation of limited dollars distributed at the Washington and regional levels.

As a management tool, however, the focus and greatest benefit of the business plan program is in the process of business planning itself. The program today is "managed" and the product delivered by the business planning team in Washington, using student consultants in each park to produce individual plans. But development of each plan and the analysis behind it requires very heavy participation by the entire management structure of the park itself, and frequently requires the involvement of line staff as well. This process, though sometimes painful for the parks as they struggle to meet their existing responsibilities, forces a creative and useful interaction between business-focused bright young minds and more traditional park-focused staff. The result for many parks has been an infusion of energy and focus on core priorities by both management and staff and a clearer realization of the op-

portunities as well as challenges facing the parks. In short, it helps parks to define their forward focus and remind parks of their own core “business,” aligning mission priorities with the distribution of park human and financial resources.

#### BUSINESS PLANS REVEAL TRENDS

The plans examine funding and staffing trends, describe the history and growth of the parks, provide functional analyses, and identify strategic priorities and ways to more efficiently use scarce financial resources for the benefit of park resources and visitors. The plans typically examine five program areas: (1) resource management; (2) visitor experience and enjoyment; (3) facility operations; (4) maintenance; and (5) management and administration.

Importantly, the business plans have helped identify the park operational areas with the most significant needs, as well as produce a variety of recommendations and innovative solutions. The two functional areas generally shown to need the most attention throughout the park system have been resource protection and visitor experience and enjoyment, both of which are generally also the most under funded. Resource protection programs generally include collections, historic structures, and natural resources. Visitor experience programs generally include interpretation, education, and visitor safety.

#### BUSINESS PLANS AS THE FIRST—NOT THE LAST—STEP TOWARD IMPROVEMENT

The success of business plans as tools for enhancing communications and management is tied very tightly to the understanding that business plans are the first step in a process of improvement—not the last step. In NPCA’s experience, there is a one-to-one correlation between parks that have had a successful experience with business planning and the superintendent and management team’s level of understanding of this principle. Park managers that see the document as the final deliverable and expect it to work magic for them by itself are always disappointed. Park managers that take the document with them wherever they go, have a coherent distribution plan, and take the resulting recommendations as the launching platform for defining practical and implementable strategies for improvement inevitably go on to achieve results that empower their staff and deliver both efficiencies and additional resources. The Park Service is now on a path toward repeating the business plan analysis accomplished in the parks in the early years of the program. This should prove to be an especially powerful next step as it provides an opportunity to actively measure progress.

#### NPS USE AND SUCCESS WITH BUSINESS PLANS

Business plans have enabled many national parks to identify and address issues that saved money, leveraged additional resources, and improved management, among other things. For example, Gettysburg National Military Park and the Eisenhower National Historic Site, two separate units overseen by one superintendent, completed their business plan in 2002. In the past three years, the park units have acted on a number of the business plan’s strategies for reducing costs and increasing non-appropriated funds. The park staff has implemented a Workforce Planning Strategy through which managers review every position as it becomes vacant to evaluate how critical those positions are to accomplishing the park mission. While this strategy does not help the park fill all necessary vacant positions, it does help them manage the vacancies better.

One of the greatest achievements was the combining of Gettysburg and Eisenhower operations: Park managers have eliminated positions that were dedicated to site management and maintenance of Eisenhower and have made those tasks collateral duty for Gettysburg staff. The estimated savings of \$150,000 to \$180,000 annually enables the park to cover other critical needs at Gettysburg that were threatened by diminished ONPS spending power.

At Golden Gate National Recreation Area in California, the park followed through with its business plan recommendation to increase visitor fees at Muir Woods, capturing an additional \$700,000 annually; and the park has moved forward with transferring operating costs for building maintenance to third parties that occupy some of the many buildings in this former military base and improving energy conservation. The park has also leveraged its volunteer program; it now generates the equivalent work of 150 full-time equivalents a year.

At the conclusion of the business plan partnership between the Park Service and NPCA, however, it became quite clear that some parks had an easier time meeting the challenge of implementing the plans than others. In fact, many parks were approaching the challenge if implementing their business plans with a passive attitude that NPCA feared could lead to the end of a program with enormous potential for

improving the national parks. After some investigation, we discovered that the reason for the passive approach expressed by some parks was a direct result of their not understanding how to implement the plans. Though the analytic resources were available to them for the purpose of developing the plans themselves, there were no tools available to help determine the next steps and which management strategies might be more successful than others. To respond to this, NPCA established the Center for Park Management to redouble our efforts on business planning—this time with an emphasis several critical areas: (1) helping parks follow through with their own business plans; (2) developing communications plans for parks; (3) helping park managers through the decision-making process regarding the steps to take in implementing solutions to needs identified in the plans; (4) identifying the management strategies most likely to produce the most beneficial results; and (5) helping to resolve any underlying staff or analytic challenges that impeded progress. In order to directly help the parks that were interested, CPM established consulting/client-type relationships with the parks and divorced itself from any role as a more active external advocate.

#### WORLD-WIDE UTILITY OF THE BUSINESS PLAN CONCEPT

The National Park Service is by no means alone in thinking that business planning has a place in fostering the long-term health of parks. As NPCA's Center for Park Management has focused on helping parks implement their business plans, we have also reached beyond the parks to develop business plans with more than a dozen national forests, a growing list of state park systems, and systems of protected areas abroad. The issues and pressures facing the parks—funding shortfalls, unclear priorities, and communications challenges—are not unique to America's national parks. To the contrary, there are surprising parallels in every system with which we have worked, from New Mexico State Parks to the Red Sea parks in Egypt.

Business plans and other analytic and management tools are commonplace to the business of managing protected areas worldwide, and this concept can be helpful to park managers here and elsewhere. From generating efficiencies so that fee collection rangers can do more with their time and efforts at Virgin Islands National Park, to the reversal of a negative gateway community relationship at Fort Stanwix, to the creation of a marketing plan to increase visitation at Big Bend in the off-season, parks that implement their business plans experience material gains.

#### LESSONS LEARNED AND FUTURE OPPORTUNITIES

NPCA's experience nationally and internationally with business planning allowed us to identify some of the limitations of the existing program and develop ideas for improving it. Our observations are as follows:

1. Many parks are using the business plans for outreach to stakeholder groups, but many more would benefit from more coherent planning to define the outreach message they want to convey, and to identify the audiences that may be the most helpful or strategic.

2. The business plan program remains a time-intensive program that ties the student consultants to data collection instead of analysis for the majority of their time. The program should be tweaked to allow much more time for analysis and identification of useful management strategies as well as some teaching of the managers to "open up" the analytic process and prepare them for moving toward implementation on their own.

3. The Park Service should find a means for staffing the business plan office in Washington or elsewhere with sufficient human resources so that the agency itself can respond to the needs of the parks as they move toward implementation. Through the Center for Park Management, NPCA has provided this service to date, but alone we have insufficient staff and financial resources to provide support to all of the national park units that need assistance.

4. The Park Service should construct a program that focuses on actively "mining" the data that has been generated by the business plan process. Standing behind every 30-40 page business plan is a pile of data and analysis. Focus on this could tell the agency and Congress much about the allocation of existing funds toward priorities, the balance of visitor-directed funds as compared with resource-directed funds, the unit cost of certain types of programs, and more.

5. Business plans themselves should be analyzed for common themes and strategies that emerge from the field and the common issues should then receive appropriate regional or national attention. This will allow for the development of common implementation strategies that work for both the individual park units and the more centralized managers. Fleet management and fee collection management are

two areas that come easily to mind for us, as we have seen and worked on them with a broad variety of parks.

6. Park managers should start talking about their experience with business planning with other protected area managers outside of the National Park System. Business planning in one form or another is an increasingly popular tool in protected areas of all types, both in the United States and around the world. Rather than thinking only about their own experience with business planning, the Park Service should be actively seeking the experience of others—in the Forest Service, in state parks, in Australia, New Zealand, Canada, and elsewhere to identify best practices.

7. The Park Service should be actively evolving the business plan program to best meet the needs of park managers. Even the best-designed programs in business and government require constant updating if they are to remain vital, useful, and strategic. The Park Service should approach its efforts with business planning no differently, preferably with some insight to what works outside the Park System itself.

8. Together, the Park Service and Congress should establish a “venture capital” fund to invest in the analysis required to identify the best, most practical opportunities that save money for better, broader use by the parks, or generate or leverage funds best. It is a simple and true adage that sometimes it takes money to make money. It is no different in the Park Service—many parks need the financial resources to move ahead with business plan strategies that will save money now or generate more later.

9. Congress should ask for a periodic accounting of how additional funds are being allocated to business plan parks—and to the agency as a whole—as compared with the needs identified in those plans.

10. Finally, the Park Service should regard the business plan process and products as the single ripest opportunity to reach out to existing partners and develop new ones. The Director is absolutely correct in her statements that the agency can not survive without the assistance of many partners. The business plan process is a tool that is tailor-made for introducing parks to new potential partners and involving current partners. Currently, some parks see this clearly and others less so. National and regional emphasis is required to identify the cultivation of beneficial partnerships as a target goal of business plans.

#### RELATION OF BUSINESS PLANS TO CORE OPERATIONS

The National Park Service has been developing a new core operations analysis that can be used to supplement and further inform the business plan process in the future, if done right. The Park Service has yet to finalize how the core operations process will or should work, so NPCA continues to watch this developing approach closely. As we understand it, however, we believe the new core operations approach can be useful in helping national parks prioritize how best to spend their limited funds in light of their core mission. This being said, it is essential that core operations analysis be used to inform and supplement, not replace, business planning. In addition, it will be important for the Park Service to develop a core operations process that is sufficiently flexible that it allows the mission and focus of particular national parks to evolve as we learn more about the treasures those parks preserve. For example, last year Congress, with the help of this subcommittee, passed legislation to expand Petrified Forest National Park. Among the primary purposes of that expansion was the realization that the park and surrounding areas are a world class paleontological resource. But when the park was first set aside, we only knew about the beautiful petrified wood that was there. In addition, core operations must ensure that park visitors have the best possible opportunity to benefit from Park Service interpretation of the resources and artifacts preserved in our 388 national parks.

#### CONCLUSION

The challenge for the Park Service is to continue to develop the program in a manner that maintains the focus on the needs of managers in the field, continually evolves to reflect lessons learned and best practices from within and outside the agency, and uses the information generated for productive, strategic purposes on a regional and national scale.

For ourselves, NPCA will continue to press for ways that the national parks can improve their management and efficiency, while advocating that the parks also receive the additional resources for which virtually every business plan demonstrates a need. Although many parks have room to improve their management efficiency, our extensive experience with business planning in the parks has made it clear that the shortage of needed fiscal resources lies at the root of many of the ills facing the parks today. As the subcommittee knows, the national parks face significant funding shortfalls.



Clearly, the national parks must make every dollar count, no matter the level of funding available, and we are working to ensure that the parks have the best tools and the right human resources to make sure of this for the future. But business plans, themselves, are not a panacea. Rather, they provide powerful tools to help lead the way to the fiscally sound, healthy, well-protected National Park System that Americans respect and deserve. For business plans to produce a long-lasting impact, Congress must use this tool to guide, and where necessary, make investments in park operations and maintenance, demand from the Park Service broader implementation of the plans' recommended efficiency improvements, and help the Park Service extend and adapt the business plan process throughout the Park System. Thank you for the opportunity to testify. I am happy to answer any questions.

Senator THOMAS. Okay. Thank you very much.

Mr. Hagood.

**STATEMENT OF REGINALD HAGOOD, SENIOR VICE PRESIDENT FOR STRATEGIC INITIATIVES AND BUSINESS DEVELOPMENT, STUDENT CONSERVATION ASSOCIATION**

Mr. HAGOOD. Good afternoon, Mr. Chairman. I'm Flip Hagood, senior vice president of the Student Conservation Association and the current partner of the National Park Service in its business plan initiative. SCA is a 501(c)(3) not-for-profit that has been in partnership with the National Park Service for 48 years, one of the oldest non-governmental organizations working in partnership with the national parks.

Annually SCA places young people, high school and college age, in national parks in service to the land. Our high school program annually puts about 1,000 young people out on our public lands, our college program about 2,500 internships, and the business planning initiative consultants are included within that group.

Two years ago, we were approached by the National Park Service and the Department of the Interior to become the not-for-profit liaison with the National Park Service in continuing the work of the National Parks Conservation Association to recruit, to place, to assist in the training, to facilitate the ongoing support for the consultants while they were in the field, to do two follow-on activities of a closing workshop, and also to provide career resource transition assistance for further job placement upon completion of the program.

We have had a great partnership within the last 2 years, having placed, with the current crop, 57 intern consultants within the field, along with working at 26 varying park units, and now three additional offices as a forum for the business planning activity.

The Student Conservation Association also views this particular work as very, very important to the effective management and also operation of the National Park Service. The Student Conservation Association works under a cooperative agreement with the National Park Service to provide the services that are outlined that support the business planning initiative. And that starts out with the planning process, right down through the closing activities and the career transition effort.

We assist with the recruitment of the interns by a network of over 5,000 colleges and universities that we have ongoing relationships with. We recruit nothing but the best, we think, graduate-level programs within the United States. The cadre of young people that are recruited for the consultancies, we think, are some of the best and brightest, and we are also quite proud of the fact that now

many of them are moving on to job placement opportunities within the National Park System, within government, and also within the private sector.

I know that Mr. Baekey will speak of the role with Coopers, and we've got interns now there. Booz Allen Hamilton also has interns, so we're certainly seeking some equity in that sense. We have also been able to support upper governmental placements and we are looking forward to that transition out of the current class as well.

In addition, the Student Conservation Association is assisting in what I would call hoping to institutionalize the model of the business planning process by giving support, counsel, and following the process by ongoing site evaluation and program support for the interns while they are in the field. I, myself, this summer will be visiting a number of those sites, working with the park staff and with the interns as they go through the business planning process, and will also be a part of the close-out presentation that will be given to the directorate of the National Park System this coming early fall.

The important component of the career transition element that we have been asked to put into place will continue to grow, and we feel that we can bring added value to that process to the National Park Service by supporting the efforts, by giving career counsel, and also supporting the transition of the interns into possible job opportunities, and hopefully to expand that in government. And we're already about that process by continuing our work with the land management family overall.

We have agreements with 14 Federal agencies, wherein this kind of process, we think, might have similar application. We are a part of a consortium called the Cooperative Ecosystem Study Units that is led by the National Park System, working with 195 colleges. And we work collaboratively with those schools and institutions to support the work stated as the goals and objectives of the business planning internship.

Currently, for this summer, there are 31 interns in the field on the Student Conservation Association partnership with the national parks at 12 sites. And I'd like to cite the fact that we have now moved beyond the traditional parks by also working with an educational initiative and creating a business plan, working with one of the regional office staffs, as well as working to assist one of the park's units in furtherance of its business plan at one of the training centers of the National Park Service.

We look forward to continuing this relationship with the National Park Service. We will be doing the evaluation in partnership this year with the National Park Service and a close-out presentation to them as we are required to do annually under our cooperative agreement. We thank you for this opportunity to testify here today in support of what we feel is a very strong and valuable initiative for our national parks, and we look forward to this continuing relationship. Thank you very much.

[The prepared statement of Mr. Hagood follows:]

PREPARED STATEMENT OF REGINALD HAGOOD, SENIOR VICE PRESIDENT FOR  
STRATEGIC INITIATIVES AND BUSINESS DEVELOPMENT, STUDENT CONSERVATION  
ASSOCIATION

The National Parks Business Plan Initiative (BPI) is a creative public/private partnership designed to promote the long-term health of our national parks through development of improved financial planning and management tools. The BPI is collaboration between the Student Conservation Association (SCA) and U.S. National Park Service (NPS). Graduate students from leading business and public policy schools are placed in an internship by SCA as management consultants in selected national parks. The consultants work with park staff to produce a business plan that clearly outlines park operational requirements, identifies available financial resources that are currently available, and analyzes any funding gap that exists. Consultants also work with park staff to identify operational and investment priorities and develop strategies for meeting those needs. In addition, some parks that have produced business plans in the past are revisited to update their plans and/or perform various in-depth analyses to assist in program development. In the past two years, SCA has engaged 26 National Park units and placed 57 Business Planning consultants through this partnership.

SCA's established relationship with educational institutions, introduces students to the BPI Program and its valuable career and life enhancing experiences. SCA assists the NPS with recruiting, site placement, training coordination, and administration. BPI consultants are recruited and selected by the NPS Business Management Group and SCA. They participate in an eleven-week program that typically begins the first week in June with a week-long orientation session in a national park and ends in mid-August. SCA administrative support includes logistical support for participant travel to trainings, facilitation of the orientation workshop, administrative and financial liaison with the consultant's park site, and the planning and conducting of a fall wrap-up meeting held in Washington DC, where participants present their Business Plan Document. Finally SCA assist in the administration of program monitoring and evaluation as well conducting site visits directed at improving future program development and training.

Each consultant reports directly to their park's supervisor, with oversight provided by NPS Business Management Group staff which additionally provides program leadership, technical guidance, and quality assurance focused on maintaining consistency of the analysis. Additionally, SCA staff is made available to the consultants for additional training, logistical support, and counseling. SCA also provides emergency management support for all consultants while they are in the field. Each park provides housing and office space.

Over the course of the summer, teams of consultants interview park staff and review budgets and other relevant documents. Consultants analyze the park's programs, operations, and activities; identify standards of operation for each program; and develop financial and management strategies. Consultants produce business plans and utilize the online Business Plan Developer (BPD) system for data collection and presentation. At the conclusion of their internship, the teams of consultants present a report of their findings to park management.

Upon completion of the program the participants become SCA Alumni and through the NPS/SCA partnership we are also able to provide ongoing mentorship, career resources and counseling which has resulted in employment opportunities for program participants. Numerous BPI alumni from the 2004 Business Plan consultant group have accepted positions with the National Park Service. Other consultants have gone on to accept job placements with other public and private institutions introduced to them throughout the program as well as in follow-up career transitioning sessions. This has resulted in placements with such firms as Booz Allen Hamilton, PricewaterhouseCoopers and the General Accounting Office.

Senator THOMAS. Thank you, sir. I appreciate that very much.  
Mr. Baekey.

**STATEMENT OF GEOFFREY A. BAEKEY, SENIOR MANAGER,  
PRICEWATERHOUSECOOPERS**

Mr. BAEKEY. Good afternoon, Mr. Chairman. I want to thank you very much for the opportunity to testify today regarding business practices within the National Park Service. My name is Geoff Baekey. I'm a senior manager with PricewaterhouseCoopers, and I

work extensively with the National Park Service on business-related issues.

Over the next couple of minutes, I'd like to provide you with my perspective on how PricewaterhouseCoopers has worked with the National Park Service to incorporate best business practices. Furthermore, I plan to provide you with specific examples of how the NPS has utilized these new business practices to enhance their mission.

Since 2000, PricewaterhouseCoopers has been working closely with the National Park Service to enhance their concessions program. As you know, this is one of the biggest and largest business-based programs in the National Park Service, generating over \$800 million in gross revenues and serving millions of visitors.

Back when PricewaterhouseCoopers was first hired, the National Park Service faced a significant backlog of small and large concession contracts. In addition, the Park Service was just beginning to implement changes resulting from a new law governing concessions. These major hurdles required a new way of looking at the business of managing the concessions program.

Initially, the National Park Service engaged PricewaterhouseCoopers to complete a comprehensive review of the concessions program. One of the major findings from this review was that the National Park Service needed to treat the largest and most complex of the concession contracts with a much higher level of business and financial scrutiny than the smaller ones. PricewaterhouseCoopers identified 50 contracts which necessitated this heightened set of business procedures.

From 2000 until today, PricewaterhouseCoopers and the National Park Service have worked closely to develop detailed strategic contracting plans for these "big 50" contracts. This involved having a multi-disciplined team of professionals, including financial, legal, engineering, et cetera, to assemble new contracts. Most of these new contracts have 10 to 20 year terms, so in essence we were supplementing other efforts in developing and implementing long-term business plans for visitor services with local park and regional support.

When we first commenced our work, PricewaterhouseCoopers and our subcontractors were responsible for most aspects of the contracting process. Over time, however, National Park Service professionals have been taking on a greater share of the contract due diligence and prospectus development process. One recent example of this is in the Intermountain Region, which I'd like to share with you.

The Intermountain Region has the greatest proportion of large concession contracts in the National Park Service. Over the past year, the region has been recruiting and hiring managers with MBAs from top business schools or from recognized consulting firms to work in their business management division. In addition, the region has been conducting on-the-job training with these managers to provide them with the tools they need to be effective in the field.

Today, Intermountain Regional office managers are taking on a much more significant role in the contracting process for the "big 50" contracts. With their strong business backgrounds, these pro-

professionals can handle overall project management as well as much of the drafting of the prospectus document.

The National Park Service is more than halfway through the contracting workload that they commenced in 2000. Much is left to be accomplished. However, with the introduction of new National Park Service business professionals and the knowledge that has been gained by the National Park Service, the next few years should be very productive.

Another area where PricewaterhouseCoopers has worked closely with the National Park Service is in the business process improvement of concessions. With the new law and new regulations, the National Park Service engaged PricewaterhouseCoopers to help enhance some of the procedures used to oversee concession contracts. In the private sector, we call this asset management. And, Mr. Chairman, the law that you passed in 1998 also contemplated the need for this enhanced oversight.

Once a new contract has been executed, much has to be done to provide quality control and compliance. Contract oversight activities include financial and operational reviews, environmental compliance, management oversight, and other compliance activities. One of the most significant activities is in the areas of concession evaluation and rate approval. In 2003, the National Park Service engaged PricewaterhouseCoopers to overhaul the concessions standards evaluation and rate approval system, also commonly known as SERA.

Much of the work on SERA involves attempting to instill private sector operating and facilities standards to concession-operated assets throughout the National Park Service. In fact, when PricewaterhouseCoopers first started work on SERA, we tried to overlay industry standards and best practices to the large concession contracts. What we quickly found out is that this did not always work. Park Service assets have unique characteristics which are not generally found in the private sector. For instance many National Park Service locations are historic and require special consideration. Working closely with the National Park Service, PricewaterhouseCoopers and others tailored best practices from the hospitality and travel industries for several asset types. The end result was a set of standards which can be used for objective evaluation and rate-setting.

Perhaps the most important benefit of this contract oversight re-engineering has been the close collaboration between the National Park Service, the concessioners, and industry experts. Over the past 2 years, the National Park Service has formed a close-knit group of experts within and outside the Service who can effectively address all necessary business and financial challenges. The feedback from all involved has been very, very positive.

Over the past 5 years, the National Park Service concessions program has undergone dramatic change. This has been due in part to our efforts, but the real change has come from within the National Park Service. Today's National Park Service managers have a much better grasp of current business and financial best practices and how this applies to their jobs. Perhaps most importantly, National Park Service managers now understand what needs to be

completed within the Service and when they need to engage outside advisers.

Mr. Chairman, thank you once again for the opportunity to testify. I'd be pleased to answer any of your questions.

Senator THOMAS. Fine. Thank you very much. Welcome to the Senator from Colorado. We've hurried things up a little bit and, as you know, we have votes here in a few minutes. So would you have any opening comments or general comments?

Senator SALAZAR. I'm here to support the national parks and the chairman of this committee.

Senator THOMAS. We're glad to have you here. Well, we'll have some questions.

Mr. Sheaffer, do you have written guidelines for the people on the ground to promote practices and—I guess I'm concerned about the fact that you have general policies and you do it here in Washington or perhaps even in the regional offices; but are they on the ground? Do people actually have them in hand?

Mr. SHEAFFER. For all of these processes we've discussed briefly here today, we have guidelines for each of them. And, yes, I believe they're on the ground. I think we have done a fair amount of increased documentation over the past—over many, many years out of necessity, because processes and procedures have become more and more complex, and producing these documents is not a simple matter. All of these processes take some level of commitment and expertise that frankly in many parks is not available to them. The Park Service doesn't have a great number of the kind of people that we have supplied them with in order to pull these processes off in these areas.

So, yes, I think we have extensive documentation in all of the programs we're discussing, from concessions through the business planning process.

Senator THOMAS. I know that sometimes that is a difficulty or it appears to be a difficulty in larger agencies to have policies at the top and get them implemented on the ground. And, of course, all the parks are different and so on. It's my understanding you have a business plan initiative in about 70 parks.

Mr. SHEAFFER. That's correct.

Senator THOMAS. What's your projection on the 388 parks?

Mr. SHEAFFER. Well, the way we're going about it accomplishes about a dozen a year. And we have actually taken on some of the larger parks in the system, so in terms of the percentage of dollars, it's a much higher percentage than the 70 would represent. And not that we've ignored smaller- or medium-sized parks, but we have found that the greatest benefit comes from going into the larger park areas.

We have developed, by the way, a form, a way of allowing parks that are smaller to go out on their own and attempt to produce in some fashion some of the components of this business plan on their own. And that has—taking advantage of some fairly modern technologies, IT technologies in particular.

So ultimately getting all the parks done, it's going to take quite a while to actually have business students in 380 parks for sure. But I think in terms of its effect, I think the effect is already being copied. Some of the better, more important components are being

copied in parks that don't have the benefit of this, so the effect is still dramatic service-wide.

Senator THOMAS. Sure. In the Park Service—and I'm always impressed with the overall employees and how loyal they are and the background and most of them are very interested in resources and this and that. Do you now select and hire people that have a business background for this particular program that may not have a history in parks, but do have training in business?

Mr. SHEAFFER. Well, as I mentioned, we've had great success in bringing some of these folks in, and it's of course no surprise to anyone that some of these folks can command substantial salaries in the private sector that in many cases we in the Federal Government frankly can't match. Nonetheless, we've been able to attract a fair number of them, as I said, 17 that we have working at various places in the Park Service.

The effect that those 17 can have is fairly dramatic, especially if they're sitting, say, in my office and providing direct aid to these parks, or in a regional office—Mr. Baekey mentioned the Intermountain Region being among the leaders in hiring these folks—or for that matter, in complementary organizations like NPCA, or even our consultants. So we have made more resources, more business-like resources available to the park today than we ever have in the past.

Senator THOMAS. That's good. They should remember that if they want a lot of money, to live in New York City, but they get to live in Teton Park.

Mr. SHEAFFER. I think that's very true, Mr. Chairman.

Senator THOMAS. Mr. Kiernan, do you see an emphasis on the need, for example, in the commercial activities, more than the parks in general, or concessions, where all the bucks are? How do you see these things work together?

Mr. KIERNAN. It's our sense, yes, there needs to be that additional expertise on the concessions side, the traditional business activities, but I would not diminish the benefit of the skill set of some of these business-minded folks on managing the resources, on managing visitor flow, on fee collection. In all candor, it's our sense that this skill set has application across the full functional spectrum of the Park Service.

And if I may add, with your previous question, that NPCA has been known to advocate for additional funding for the parks. I would add that funds are needed to help some of these additional staff members in the Park Service improve the management of the parks. As they say in business, sometimes it takes money to make money. In some of these cases I would suggest that additional funds to improve the management of efficiency in management training of the Park Service can, as well, in the long run, improve the park operations, resource protection, et cetera.

Senator THOMAS. It's a little more difficult, I suppose, to deal with resource management as opposed to concession management in terms of the economics of it. Nevertheless, they both exist, don't they?

Mr. KIERNAN. And issues of work flow management, of long-range planning, of how to efficiently deploy your resource staff

can—you can do that efficiently from some business and management expertises.

Senator THOMAS. True. What—just in general, I don't mean to be specific, but what changes, what direction, what additional activities, what are your priorities for the future in terms of strengthening this program?

Mr. KIERNAN. The business plans in particular?

Senator THOMAS. Yes, sir.

Mr. KIERNAN. I think I'd come back to one of my fundamental points. This program has been in place now 8 years, and a deep concern we have is that it continue evolving and growing and being used in the park, at the regional office, by Congress, by the Director, et cetera, that it not become a methodology we used in the past and we're now on to some new gizmo methodology. It's rolled out there, it's proving very effective, and I think Congress and the Park Service need to keep building on it. And as I said, with things like core operations and the scorecard, which we on NPCA side are still getting to understand at the conceptual level we support, I think these things can be additive and help move the whole management process forward. I would hope it not be set aside and we move on to some new management fad. That would be a major loss.

Mr. SHEAFFER. If I may, Mr. Chairman, on that question as well, one thing that these other two processes we discussed, core operation and scorecards, I think will help us do is better scrutinize and defend the additional resources that the parks, the superintendents, represent that they need in these documents. And that's been, quite frankly, a failing in the past. And I think that's critical and I think that's one of the areas that these other processes are intended to help correct.

Senator THOMAS. As you move, spread out, some of the experience you've had can just be spread to the other parks and—

Mr. SHEAFFER. Absolutely. That's correct.

Senator THOMAS. Mr. Hagood, where is your organization located?

Mr. HAGOOD. Our headquarters, sir, is in New Hampshire. However, we have a fairly large regional office right here in Arlington, Virginia, which I manage.

Senator THOMAS. For training people. Where is that? All in New Hampshire?

Mr. HAGOOD. It is primarily in New Hampshire. We have what's called the Conservation Career Center, which is in New Hampshire in the small town of Charlestown, New Hampshire, near Springfield, across from Springfield, Vermont, right in the Connecticut River Valley. And we actually do the training in partnership with the National Park Service in field-based sites.

Senator THOMAS. Now, your organization is not entirely oriented toward Park Service, is that right?

Mr. HAGOOD. No, sir, it is not. We have agreements with 14 other governmental partners that we work with. The Park Service happens to be the largest, with the Department of the Interior providing a lot of that work. All of the bureaus within the Department of the Interior, we work very much with in bringing forth a very similar program style. And we've been able to actually bring to the attention to some of the sister bureaus within the Department of



the Interior this particular process by orienting their managers to the fact that the business planning initiative is ongoing within national parks, specifically the U.S. Fish and Wildlife Service and the Bureau of Land Management.

Senator THOMAS. I see. Now, are these students there generally just for a short period in the summertime? Is that part of it?

Mr. HAGOOD. Yes, sir. They are in the field for approximately 11 weeks, including 1 week at the beginning that is a field training and orientation week that we do in a national park. We rotate that east or west for taking advantage of a park location to get them familiarized before they actually go to their specific site within the field to do the business planning process for 10 weeks.

Senator THOMAS. I see. That's interesting. It's a great program.

Mr. SHEAFFER. I might just add, too, if I might, that this is a plan that, if you've ever been familiar with other plans that agencies, or the Park Service, for that matter, has done, this is a plan that we produce in 10 weeks, from start to finish, at a fairly modest cost of something in the order of \$35,000 a plan. By most standards, that's a pretty efficient operation.

Senator THOMAS. But they then have to be supervised by somebody there who is trained, so they're not implementing, they're not—

Mr. HAGOOD. No, sir, they are actually supervised. We actually bring the park liaisons to the training and they go through an orientation for a day and a half as a part of that week-long training process that's facilitated by the National Park Service and SCA. And then they—the business planning group actually provides the ongoing technical assistance throughout the entire 10 weeks, along with the support of SCA on a park-by-park basis.

Senator THOMAS. I see. Thank you. Mr. Baekey, are you pretty much confined in your activity to the concession portion of the park projects?

Mr. BAEKEY. Yes, we are, sir.

We focus predominantly in two areas. We support the Park Service in the analysis and development of prospectuses that get issued for opportunities within the parks relative to concessions. And we also provide broader advisory services to the Washington office on unique issues or problems that they're facing.

Senator THOMAS. I see. Do you see the implementation of your suggestions on the ground?

Mr. BAEKEY. No question. As we look toward the contracting side, the prospectus development side of the work that we assist the Park Service with, clearly there is evidence that suggests that a lot of the tools and the templates that we have developed in the due course of our work are now being employed by concession managers in regions and in some of the larger parks. There are a number of training exercises that we have also given, and we find that when we visit some of the parks, a lot of those training binders in some of the concession managers' offices.

So we are starting to see the existence and the implementation of some of the processes that we've developed. There's still quite a bit of work to do. The business of concessions is pretty complex.

Senator THOMAS. And different, isn't it?

Mr. BAEKEY. Very different, sir.

Senator THOMAS. In every situation.

Mr. BAEKEY. Very different.

Senator THOMAS. I understand that. You're not responsible for oversight then?

Mr. BAEKEY. No. We act as a service provider to the Park Service. We have been in discussions with them on a couple of different occasions about project management roles, with some other contractors that may not be as familiar with the process. We do get involved to varying degrees within that role, but for the most part, we are a service provider to the Park Service in the area of concessions.

Senator THOMAS. Senator.

Senator SALAZAR. Thank you, Mr. Chairman, and thank you for your continuing leadership of this committee and of our involvement with the National Park Service. I have just a few questions. First, it's Sheaffer or Shieffer? Sheaffer?

Mr. SHEAFFER. Sheaffer.

Senator SALAZAR. Sheaffer, with an A. I know we have approximately 400, 388 units within the National Park Service, and I assume that we're applying the scorecard not only to the national parks, but also to the national monuments and the other units within the Park Service. My question to you is, one, am I accurate in that assumption that it's more than just the parks, it also includes the monuments?

And then second is, what is the status of the completion of the national scorecard? If I were to go to all my parks and monuments in Colorado, for example, could we have a report on the status of completion of the scorecard with respect to each of those parks?

Mr. SHEAFFER. Senator, first of all, it applies to all programs in the National Park Service, and I have to be clear on one point, it is still under development. We're still testing the metrics and the measures. We're still doing some statistical sampling. We have people in the field who are seeing about the application of all of these measures.

We can run a scorecard, if you will, we can run these metrics against any one part. They tend not to be as useful until employed in comparison or over time, and so far we've found that the best application is in reviewing annual budgetary increases where a park superintendent comes in and with the good graces of Congress we are given some additional resources. We look at an increase request and we look at it and use these metrics to see how it measures up, say, to other priorities in the National Park System. We look at how efficient the park is, how much overhead they have relative to other areas, how their workload compares per dollar to other park areas, and that helps us evaluate more effectively. But, yes, we can run the numbers on all of these. But as I said, they tend to be more meaningful when put on a spectrum and compared to other parks and programs.

Senator SALAZAR. What is the timing for you to be able to have that national scorecard completed and for us to be able to look at the whole system?

Mr. SHEAFFER. I'm going to say that at this point I'm hoping to have it far more refined by the fall than it is now, and to that point where we can see where those parks fall on that spectrum for all

of these metrics, sometime this fall. We have contractors helping us and we're using a contractor, not Pricewaterhouse in this case, that is helping us develop some of these metrics. So that's when I would hope to have it in a more refined way that would lend itself to the kind of review that you're talking about.

Senator SALAZAR. I think it would be useful for this committee, and, Mr. Chairman, would particularly—I know I would have an interest in seeing the results of that survey nationally, as well as the results of that survey with respect to the nine parks units we have within the State of Colorado.

This is a question for Mr. Hagood. I know you work with about 600 people in my State who help out with the Park Service there. If you look back at the history of the involvement of volunteers with the National Park Service, can you give us a sense of how those trends have gone? Are we getting more volunteers, are we getting less volunteers? If you look back 10 years, what are the trends?

Mr. HAGOOD. That's actually a good measure for me to give a look at. I have actually been working with the Student Conservation for 10 years, and in that role have watched the growth over that period of time with a steady increase of volunteers, certainly not just from the Student Conservation Association, but from other not-for-profits, many of the conservation service groups nationally. You have some very highly recognized ones within your State that provide a lot of service volunteers—Outdoor Colorado would be an example—and a number of the youth corps that work on the public lands of Colorado.

But there has been a steady and incremental increase over the last decade of the number of volunteer service hours provided in partnership with the National Park Service. The Student Conservation Association growth within that period has been enhanced through the Public Land Corps Initiative, whereby fee revenues are provided as a source of support in partnership, and then we match those dollars with dollars as a not-for-profit to provide opportunities for leading volunteers in parks, for bringing youth to parks, and certainly some of the other disciplines outside—or in addition to the business plans, whether that be interpretive in visitor services, certainly in the maintenance arena where we have conservation service crews doing trail restoration, as well as the work that we do in terms of both structures for historic parks in even addressing some of the prioritization within the—in the backlog.

Senator SALAZAR. Can you quantify what the increase has been in volunteer participation in some of these activities over the last 10 years? I mean, you're telling me they're trending up.

Mr. HAGOOD. Yes, sir.

Senator SALAZAR. But do you have a sense of what that increase has been?

Mr. HAGOOD. Yes, sir. I would say that on the number of volunteer service hours—and I'll just be able to speak to my organization alone—when I started at the Student Conservation Association, we were probably averaging about 750,000 volunteer hours per annum. We are now at 1.25 million per annum.

Senator SALAZAR. That's impressive. Mr. Hagood, let me ask you this question. Other members of the panel can jump in as well. In

one of my prior lives, I oversaw the Division of State Parks. I was Colorado director of the Department of Natural Resources, and State parks were one of my divisions. One of the things that I created during my tenure at the Department was a program called the Youth and Natural Resources Program. That program, over its 10 years of existence, brought in about 5,000 young people, mostly of high school age, to work out in parks facilities and also the other divisions of the Department, wildlife and water, all the rest of the divisions.

And the idea was to expose young people of diverse backgrounds to the opportunities that existed in parks and outdoor recreation kinds of careers. It was a very successful program in Colorado. Do we have a similar kind of program that aims at young people within the Park Service?

Mr. HAGOOD. Yes, sir. There are three different elements that are directed toward youth, and I'm referring now to, shall we say, high school youth to early college age youth. Certainly the first would be the Park Service's YCC or Youth Conservation Corps program. Annually they provide opportunities for youth in all national park units to come to the park to work for a summer on conservation service projects.

In addition to that, the National Park Service, through its partnering efforts under its partnership initiative, is also working with organizations like the Student Conservation Association and the National Organization of Service and Conservation Corps, approximately 150 of those nationally, to bring youth into the parks, jurisdiction—I mean, State by State, or in close proximity to parks. For example, within the State of Colorado, you would have the youth corps there that would be at the closest park site, that would be the way that it would be done. Here, locally, we work in all 14 of the national park units. I currently have approximately 100 youth working in national parks today, right here within the national capital region in an urban setting. But we have just as many resources for placing youth in national parks, national forests, and fish and wildlife refuges throughout the United States.

The third element would be the ongoing local opportunities that are done case by case with units using outreach to local not-for-profits to bring youth on board within that arena.

Senator SALAZAR. Let me ask you a follow-up question, and anybody else can jump into this that has some knowledge. Talk to me about the diversity of the people that you have within the different volunteer groups, especially with the young people. One of the issues that I found in Colorado was that we were not getting many people from African-American backgrounds to participate in our program, so we had a very specific outreach effort to try to get young people from the African-American community to participate. So as you carry out the diversity initiatives of your non-profit or within the Department, are we able to achieve diversity within the representation of these young people we have working within our facilities?

Mr. HAGOOD. Well, I can only speak to the Student Conservation Association's effort within this arena, and also my degree of knowledge about the National Parks Conservation Association and its work within the same area.

Both organizations have collaborated with the National Park Service to enhance its ability for outreach in the inclusiveness of youth of diverse backgrounds having these kinds of opportunities nationally. Approximately 30 percent of all of the youth placed by the Student Conservation Association are of diverse backgrounds, and that is done from a national recruitment effort. Also, we use the fact that we have offices located in seven cities that can really reach out into urban communities and to connect those youth to those opportunities. And those youth can stay local or go national in terms of the programming that we provide.

I also know that the National Parks Conservation Association also provides that opportunity, and I'll defer to Tom on the specifics of that. But we work collaboratively with the National Park Service to do that.

And one last point, we are currently in consultation with the National Park Service to assist in future efforts on the recruitment and diversity as well.

Senator SALAZAR. Thank you. And I'll have just one more question, Mr. Chairman, if I may. And, Mr. Kiernan, you can follow up on this question as well. I'm a co-sponsor, along with Senator Alexander and others, of the Centennial Act. And my question to you is, if we are successful in getting the Centennial Act passed, how will that impact your particular program and your efforts?

Mr. KIERNAN. If the act is passed, most importantly, we believe it will dramatically improve the parks, both the protection of the resources and the visitor experience in the parks, and give the Park Service the funds to most efficiently manage both the parks and the business plan program. So the Centennial Act we see as a means, frankly, of preparing the National Park System for its second century, starting in 2016. It is a means of giving the parks both the funds and the management expertise to meet its full set of obligations.

Two additional comments back on the diversity program, just a summary comment. As Mr. Hagood mentioned, we have, over the years, had a series of diversity programs and efforts to assist the Park Service in both diversifying itself and in increasing diversity of visitors to the national parks.

I did also want to make one additional comment. You were asking about the growth in volunteers. If I can broaden that, there has been, thank goodness, over the last many years, a growth in volunteers and a growth in philanthropy with the national parks, and that is of significant importance to the parks, significant benefit to the parks. Thank goodness for both the volunteers and the private dollars.

However, it is important to note, and perhaps worthy for the committee to more deeply understand, some of the ramifications that ripple from the increased volunteers and private philanthropy. Obviously there is an impact of the Park Service needing to change how they do their work, a lot of which is positive, but there are ramifications. And so it's worth just understanding. And, once again, thank goodness for the volunteers and the private philanthropy, but they need to be knit with what the Federal Government is doing, what Congress is providing, especially when you look at the dollar side of it. There is a correlation between—

Senator SALAZAR. Is that happening now, Mr. Kiernan, where you see that knitting taking place?

Mr. KIERNAN. In some ways it's positive. In all candor, we hear of some situations where there are some private philanthropists that might be giving money to the parks that deeply worry—and I'm not saying this is true or not, but worry that if they provide X number of dollars to the park, the Park Service or Congress may pull, if you will, X number of dollars away from that park. So there is a concern that that might be happening. So there is a correlation and it's worth investigating.

Senator SALAZAR. Excuse me, Mr. Sheaffer. In the national scorecard that's being developed and in the matrix, is that factor accounted for somehow in the scorecard that if you get a philanthropic contribution to a park, that it somehow doesn't end up punishing the park.

Mr. SHEAFFER. No, no, to the contrary. The increased use of volunteers, increased use of partnership is seen as a positive and a good management, an indication of quality management, and that is to be rewarded. That's very clearly a direction I have from Director Mainella, and it's one that is a part of the scorecard.

I understand the fear, the offset fear, and the same would be true of the Centennial funding. There's always the fear when new fees come our way, when new revenues come our way. The concern is that they're going to be offset. I can tell you that in the new revenues and sources we've had given to us, there's been no direct offset of any of those funds. But I understand the concern of those on the outside, and I suppose it's a logical concern for some people to have.

Mr. KIERNAN. And if I may just add, the positive side of all of that, I believe, is there is the potential, frankly, to increase on both sides and have the private sector and Congress both step forward, hand in hand, to meet the full needs of the parks and, frankly, the Centennial Act envisions that as well. And I think, if well choreographed, we can increase on both sides and meet the full needs.

Senator THOMAS. We have to thank you. We've got a buzzer ringing over there, Senator. We have to make sure we get the message out to people that the demands are greater on the parks. We're having more responsibilities in the parks, and therefore, funding has to be recognized on that basis.

Just in closing, I hope we have plans beyond the business plan and kind of what the future of parks need to be, so we have some idea of where we're going over time and what the needs are there. I hope we're able to have business software available to be able to implement these plans and people able to do that.

We certainly need to get the business plan and the financial plan integrated into the total park planning in the future, because it is part of it. And I hope the deferred maintenance and so on is also part of the plan, because that's part of it. But I understand. I guess I'm very impressed with what has happened over the last less than 10 years in terms of moving forward with the business plan and the approach to it. It's not complete, it takes time, and there's an awful lot of things to do. But it's a good program and I think it will be even more important as dollars grow tighter and you have more

demands through numbers and through visitors and all these things.

So I do believe, however, that the Park Service has been committed to doing this, and I'm impressed with that. And I know sometimes it's hard to implement new things in a large agency and get it down on the ground, and so we need to do that. The National Park Conservation Association has been a key in getting this going, and we certainly appreciate the leadership that has been done there. The training and the volunteers is something that's very important, and whether it's little park rangers or whatever, all those things are important. And I'm especially pleased that we have commercial business people who are in the business being called upon to help advise where we need to be on this, because most of us understand that in the past most of the people in the Park Service, that hasn't been their direction and training and shouldn't have been, they're doing other things. But this also becomes a bigger part of it.

So I think the reason for this hearing was to kind of get an update on where you think we are, and then as we go forward, what needs to be done here to implement what you're doing, and certainly we want to continue to communicate with you in that regard. So thank you very much for being here. Thank you for your input, and we look forward to working with you in the future. The committee is adjourned.

[Whereupon, at 3:18 p.m., the hearing was adjourned.]





APPENDIX  
RESPONSES TO ADDITIONAL QUESTIONS

DEPARTMENT OF THE INTERIOR,  
OFFICE OF LEGISLATIVE AND CONGRESSIONAL AFFAIRS,  
*Washington, DC, September 12, 2005.*

Hon. CRAIG THOMAS,  
*Chairman, Subcommittee on National Parks, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: Enclosed are responses to the follow-up questions from the oversight hearing on the National Park Service's business strategies held by the Subcommittee on National Parks on July 14, 2005. These responses have been prepared by the National Park Service.

Thank you for giving us the opportunity to respond to you on these matters.  
Sincerely,

JANE M. LYDER,  
*Legislative Counsel.*

[Enclosure.]

QUESTIONS FROM SENATOR THOMAS

COST OF DEVELOPING BUSINESS PLANS

*Question 1a.* How much has the National Park Service spent to prepare business plans during the past 5 years?

Answer. During each of the past 5 years, the National Park Service (NPS) has incurred direct costs of approximately \$375,000, or about \$35,000 per developed plan. About \$175,000 is for the stipends paid to the management consultant interns; about \$90,000 is spent for contractual support, including the automated system used to standardize and archive business plan data; and, about \$110,000 is used for training, review sessions, travel, and the printing of the training materials and the final plans.

*Question 1b.* Can you show a direct savings that may not have occurred without the development and implementation of business plans?

Answer. At Santa Monica Mountains National Recreation Area (NRA), savings involved reductions in identified needs, revenue generation, and implementing management efficiencies, all resulting from its successful implementation of 27 of 33 investment strategies and half of the operational strategies identified in its Business Plan. As a result, the park was able to redirect staffing and cost savings to close gaps in required needs. Our 2003 Business Plan analysis shows we reduced the gap by 11%, resulting in \$1.6 million in increased management effectiveness and services.

*Question 1c.* Has the investment in business plans been worthwhile and should it continue?

Answer. We estimate the cumulative tangible benefit from the investment in business plans over the last 5 years to be in excess of \$5 million dollars. One of the greatest impacts that business plans have is getting parks to refine their view of their needs and prioritize them so that each dollar brought in will have the greatest possible net benefit. We also believe that this program has been worthwhile, as it exposes NPS field managers and their core teams to the highest caliber of business management practices and analysis from an independent perspective. The continuation of this program is an essential part of our workforce planning for developing business acumen and for developing future leaders with a strong background in financial management.

*Question 2.* Which National Park would you say has the best business approach to operations, maintenance and visitor services? What makes it so good?

Answer. Among parks that have completed the business plan program, Santa Monica Mountains NRA has been very successful in implementing new strategies and developing efficient operations based on its plan. Additionally, the park's management is continually on the lookout for new ideas and methods, and accepts change willingly. The leadership is dynamic, takes chances, and manages the work with a high degree of professionalism.

*Question 3.* In addition to business plans, what has the National Park Service done to promote a business approach for operating and maintaining the national park system?

Answer. The NPS has pioneered several new tools for promoting private-sector management concepts: the NPS Scorecard, Asset Condition Assessments, the Budget Cost Projection Module, and the Core Operations Analysis. In addition, new developments in the Concessions Management program, such as using non-appropriated dollars for contract oversight, are also assisting the NPS in managing operations in a more business-like manner.

#### THE NPS SCORECARD

The Scorecard, which is being developed under the leadership of the NPS Comptroller, will consist of two key elements. First, NPS will utilize a four-part set of metrics (where applicable) including background information for each park, descriptive information, efficiency measures, and performance measures. Second, in order to ensure that the Scorecard is used to measure performance of similar parks, the units of the national park system will be stratified and grouped along three parallel lines—one based on the park's annual operating budget and Full-Time Equivalent (FTE) usage, one based on the park's "business model," and one based on the park's region. The six "business model" categories are: Multi-Service Provider Parks, Entrepreneurial Parks, Resource Preservation Parks, Partnership Parks, Focused-Service Provider Parks, and Visitor Services Parks.

#### ASSET MANAGEMENT THROUGH CONDITION ASSESSMENTS

The NPS is conducting annual and comprehensive condition assessments in parks. We are on track to complete the first cycle of comprehensive condition assessments by the conclusion of FY 2006. When collected, the information is loaded into the Facility Management Software System (FMSS), so it is easily accessible and can support daily decision-making.

The NPS uses two industry-standard measurements for its assets: the API, which assigns a priority rating to an asset in relation to its importance to the park mission, and the FCI, which quantifies the condition of a structure by dividing the deferred maintenance backlog of a facility by the current replacement value of the same facility. Using the API and the FCI to manage an asset through its life cycle maximizes the productivity of operations and maintenance funds applied against assets. This business approach to asset management will assist the NPS in determining which facilities are necessary for the mission and which could be excised from the inventory. It will also allow the NPS to prioritize assets for receiving immediate and long-term care.

With regard to transportation assets within parks, the NPS works with the Federal Lands Highway Program to collect inventory and condition data through the NPS Road Inventory Program and Bridge Inspection Program. Monitoring and reporting on system performance and conditions over time is essential for implementing transportation asset management. For basic preservation, operations, and capacity expansion decisions, condition data can be used to assess facility condition, predict long-term preservation needs, and estimate maintenance and repair schedules.

#### BUDGET COST PROJECTION MODULE

The Northeast Region and the Accounting Operations Center developed the Budget Cost Projection Module (BCP), a tool designed to provide Park Management, Regional Offices and the NPS Comptroller with financial information regarding the future costs of their operating units. The BCP tool allows organizations to project future operational requirements and costs over five years. This tool utilizes baseline information in parks' financial execution plans to formulate future costs for labor and non-labor expenses. Additionally, this tool anticipates the level of future funding available to meet these requirements based on parks' historic allocations. It provides managers the flexibility to modify these details to plan for alternate operating scenarios within these constraints.

## CORE OPERATIONS ANALYSIS

Over the past two years, the Intermountain Region has developed and implemented the Core Operations Analysis program, designed to assist park management in making fully informed decisions on staffing and funding alternatives that tie to core mission goals. The process can also be considered as a precursor to other management planning efforts such as competitive sourcing and business plan development. The intent of the process is to ensure funds are spent in support of a park's purpose and in an efficient manner, that a park's request for funding is credible and, most importantly, that there are adequate funds and staff for the tasks appropriate to conserve and protect a park's resources. Each Core Operations Analysis is expected to result in the park's ability to reallocate the equivalent of 10 percent of base funds to more essential activities and high-priority goals, and to work toward the following within one year of the analysis:

- Ensuring staffing costs will be equal to or below 80% of operating base funds;
- Completing cost/benefit analysis of efficiencies and implement those feasible;
- Evaluating current requests in the NPS Operations Formulation System (OFS) in relationship to park goals to ensure the OFS requests relate to activities that are demonstrably essential and important; and
- Determining opportunities for competitive sourcing.

The NPS is beginning the process of making this management tool available Servicewide. The planned accomplishments of this program in FY 2005 are: analyses in 32 parks in the Intermountain Region and one park each in the Southeast, National Capital, and Northeast Regions; analyses of the Intermountain Regional Office and of the Office of the Associate Director for Administration; and, the training of facilitators in the Regional and Washington offices to conduct future analyses.

*Question 4.* Has the National Park Service developed written guidelines for promoting business practices? Are concessioners and commercial operators encouraged or required to follow the guidelines? Please provide a copy of the business plan guidelines for the record.

Answer. The NPS Scorecard, the Budget Cost Projection Module, the Core Operations Analysis, the Facility Management Software System, and the Business Plan Initiative are all tools being used to promote the use of better business practices by all NPS managers. The NPS also has several sources of detailed written guidance, including the 2001 Management Policies, supplemented by staff directives, special directives, and numbered guidelines. The NPS is updating the Management Policies and is currently revising and rewriting these supplemental materials so that they conform to the new NPS Directives System, which consists of Director's Orders, Handbooks and Reference Manuals, in addition to Management Policies.

Regarding concessioner business practices, the NPS has guidelines for operations and maintenance practices contained within each concessioner's contract. These guidelines are reviewed on a yearly basis by the park and the concessioner, and changes are made as appropriate. The NPS Concession Program is working closely with the concession community to establish a Standards, Evaluation and Rate Approval Program that will further define business practices and set standards based on private-sector business practices for all types of concession operations. Once in place, these revised standards will be incorporated into new contracts and will ensure more consistent business practices System-wide.

The 2005 Business Plan Training Manual, which contains the program's guidelines, is attached.\*

*Question 5.* The business plan initiative has established a baseline for over 70 parks throughout the National Park System over the past nine years. Has a comprehensive review of the business plan initiative been conducted for trends analysis? Is it feasible to expect to complete business plans for all parks?

Answer. The NPS Business Planning process is being refined and improved on an ongoing basis. Business plan data is aggregated and trends are analyzed each year. A survey form is used to solicit feedback from the participating park staff and the summer consultants. In addition, each year the NPS Business Planning Office reviews the summer efforts and incorporates all feedback into system and performance improvements for the next year. As a result, each year, final business plans are stronger.

The overall content of business plans has also expanded to respond to NPS leadership requests for additional information in the last few years. As a result, the Business Planning Office is participating in other financial management initiatives, including the NPS Scorecard, the Budget Cost Projection Module, and Core Oper-

\* Retained in subcommittee records.

ations Analysis, ensuring data consistency throughout these financial management tools, as well as encouraging the sharing of best practices among offices.

It is possible to complete a business plan for any unit of the National Park System. However, due to Business Planning Office staff time required for program oversight, NPS can only complete approximately 12 per year at the present time.

*Question 6.* The Parks Scorecard has been highly praised by Director Mainella and promises to be a helpful management tool service wide. When is full implementation of the scorecard expected?

Answer. The NPS aims to have an improved, comprehensive Scorecard developed by October, 2005. The initial gathering of information, efficiency, and performance measures for each park was recently completed, and NPS staff is collaborating with consultants to enter the data into a centralized database. The next phase involves performing statistical analysis of the data and establishing banding criteria for each measure (i.e. High, Medium, Low "scores").

The Scorecard data will be tested extensively in parks that are undergoing the Business Plan process in order to leverage the financial expertise of Business Plan consultants at those parks. Two Regional Offices will also be involved in the testing of Scorecard measures. More testing in additional parks and Regions may be done if time permits. After testing has been completed, it is anticipated that some measures will be revised or removed and additional measures added.

The next phase will involve developing the Scorecard database to be more "user friendly" for the Regional and Washington Office managers who use the data. This involves establishing baselines for each measure, establishing benchmarks for park management and performance, and stratifying/grouping the units of the national park system so users can compare scorecard measures for similar parks. System development will most likely take the majority of FY 2006.

*Question 7a.* In your testimony you state that the Natural Resource Stewardship and the National Historic Preservation Programs received PART scores of 83 percent and were deemed moderately effective.

Please provide copies of the full PART evaluation to the committee for the record.

Answer. Copies of the full Program Assessment Rating Tool (PART) evaluations for the Natural Resource Stewardship and National Historic Preservation Programs are attached?

*Question 7b.* What recommendations does the PART suggest to make these programs highly effective?

*Question 7c.* What are the NPS plans to implement these recommendations?

Answer. The OMB PART recommendations for these two programs are as follows:

#### NATURAL RESOURCE STEWARDSHIP PART

|     |                    |   |
|-----|--------------------|---|
| 1.0 | OMB Recommendation | Continue the commitment to gradual funding increases for the Natural Resource Challenge.  |
| 2.0 | OMB Recommendation | Report on the first group of parks that have identified vital signs to show how each park can use these measures to provide an overview on the health of its ecosystem. |
| 3.0 | OMB Recommendation | Refine efficiency measures and use them to identify best practices, such as the most cost-effective ways to treat lands disturbed with exotic plants.                   |
| 4.0 | OMB Recommendation | Integrate existing performance measures into the Department of the Interior's overall strategic plan.   |
| 5.0 | OMB Recommendation | Determine a process and schedule for an independent evaluation of the program.  |

## NATIONAL HISTORIC PRESERVATION PROGRAM PART

|           |                    |  |
|-----------|--------------------|--|
| 1.0 ..... | OMB Recommendation | Continue work with State Historic Preservation Officers (SHPOs) to collect and report performance information. |
| 2.0 ..... | OMB Recommendation | Use more performance data in budget requests.  |
| 3.0 ..... | OMB Recommendation | Examine ways to measure and improve program cost-effectiveness.  |
| 4.0 ..... | OMB Recommendation | Determine a process and schedule for an independent evaluation of the program overall.                         |

NPS has implemented some of these recommendations and is working towards completing others.

*Question 9a.* Your testimony states that the NPS continues to work with OMB to develop performance measures for programs that have insufficient or inappropriate metrics in place.

Which programs are these?

Answer. Upon completion of the 2003-2004 NPS PART program evaluations, OMB presented recommendations to improve the performance measures for the six programs that went through the review. Those programs are:

- Facility Management (RePart) (2003)
- LWCF Stateside Grants (2003)
- National Historic Preservation Program (2003)
- Natural Resource Stewardship (RePart) (2003)
- Cultural Resource Stewardship (2004)
- LWCF Land Acquisition (2004)

*Question 9b.* What is the time line for full PART evaluation of these Programs?

Answer. The NPS continues to work with OMB to implement recommendations, seeking improvements in performance measures. No follow-up PART reviews of any previously reviewed programs are planned at this time.

In 2005 the following programs are going through the PART process:

- Concessions Management
- External Programs—Technical Assistance
- External Programs—Financial Assistance (Heritage Partnership Program)
- Visitor Services

These programs are still in the OMB evaluation process. They are expected to be completed by January and will be made available with the FY 2007 Budget.

*Question 9c.* As the PART evaluations are completed please provide a copy to the committee.

Answer. Copies of the 2005 PART Program evaluations will be provided to the committee upon completion.

*Question 10.* Your testimony provided several outstanding examples of success stories from the competitive review process and described ongoing competitive review efforts, with efforts continuing at five areas begun in 2004 and three studies beginning this year. Please provide an update of the review process for each unit conducting reviews.

Answer. The competitive review process that began for five areas in FY 2004 has been completed for three areas: Golden Gate National Recreation Area maintenance functions, Intermountain Region Cultural Resource Management, and Great Smoky Mountains National Park maintenance functions. In each case, the existing organization was reshaped into a most efficient organization (MEO), which was then implemented. Therefore, those functions were not competed.

With regard to the two other areas begun in FY 2004, New York Harbor Parks recently formed an MEO, and National Mall and Memorial Parks, by the end of October, 2005. In each case, after that occurs, the NPS Director will decide whether to implement the MEO or to proceed with the competitive review process.

The preliminary planning effort is just beginning for the three park areas designated for review in FY 2005. The review for Indiana Dunes National Lakeshore began in July; the review for San Juan National Historic Site began in August; and the review for Boston National Historical Park started in September.

*Question 11.* What level of integration occurs across the numerous business software tools utilized by the service?

Answer. As the business tools are being developed and expanded, the NPS is exploring ways to combine or integrate the processes. Currently, the Budget Cost Projection module is part of the Administrative Financial System (AFS3), the NPS tool

for managing its budget and financial information at working levels. The Budget Cost Projection module has also become an integral portion of the Core Operations Analysis initiative. As Core Operations is expanded for Servicewide use, it is being adapted to incorporate the Scorecard and applicable Regional/Servicewide procedures and policies. Eventually, Core Operations will become part of the Business Plan process.

The Park Scorecard is also undergoing considerable revision. The new measures will be tested at parks undergoing the business planning process this summer. Many of the measures derive and manipulate data from AFS3, the Facility Maintenance Software System (FMSS), and the Performance Management Data System (PMDS). Once the Scorecard criteria and data have been tested, the information will be incorporated in the NPS Operations Formulation System (OFS), which is the repository for unfunded operational needs for the Service.

#### QUESTION FROM SENATOR SALAZAR

*Question 1.* I understand that the National Scorecard has not been fully compiled yet and that the regional office in Denver has had a good amount of input on its formulation. If you are aware of any initial results from parks in my home state of Colorado would you be willing to supply my office with that information? And secondly, when do you plan on issuing the final Scorecard?

Answer. The NPS aims to have a fairly comprehensive list of indicators for the Scorecard developed by October, 2005. Additional system development will continue throughout FY 2006, in order to make the scorecard database more "user friendly" for Regional and Washington Office managers.

The NPS is gathering prototype information for parks in Colorado. However, this data is in draft form. The Scorecard project coordinator is in the Denver area and is planning to test draft information at our Intermountain Regional Office in Denver. We would be happy to provide more information on Colorado parks as we move further along in this process.

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