



STATE OF NEW HAMPSHIRE  
DEPARTMENT of NATURAL and CULTURAL RESOURCES  
DIVISION of PARKS and RECREATION  
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Commissioner Charles M. Arlinghaus  
Department of Administrative Services  
State House Annex - Room 120  
25 Capitol Street  
Concord, NH 03301-6312

October 3, 2019

Re: Exemption request for SWCAP on State Park Funds for the 20/21 biennium

Dear Commissioner Arlinghaus,

The Department of Natural and Cultural Resources, Division of Parks and Recreation respectfully submits this request for your consideration for the exemption to the requirements of RSA 21-1:74 (allocation of statewide central services costs (SWCAP)), and 21-1:75 (Agency indirect cost recoveries) in accordance RSA 21-1:77 for the following fund sources within the Division of Parks and Recreation.

State Parks Fund (Parks account and Ski Account) - RSA 216-A:3:i  
Trails Administration and OHRV Funds - RSA 215-A:3 & RSA 215-C:2  
Hampton Meter Fund – RSA 216:3  
National Recreational Trails Fund - CFDA 20.219  
Land and Water Conservation Fund - CFDA 15.916  
Connecticut Lakes Headwaters Endowments Trust Funds – RSA 216:9 and 216:10

The NH Division of Parks and Recreation respectfully requests a waiver of all or a portion of the SWCAP assessed to the agency. Our request is based upon the following reasons.

1. The State Park under the Parks Fund established in 1991 under RSA 216-A:3 does not require that the system operate without support from the General Fund.
2. A significant portion of the budget is pass through to other entities
3. State Parks Fund has increasingly picked up the cost of operating the Department formerly supported by the General Fund
4. A significant portion of the budget is used to address deferred maintenance, complementing limited General Fund capital dollars.
5. The agency has had to grant discounted access to state employees through the collective bargaining agreement.
6. The scale of the amount assessed is significant relative to the amount of revenue generated by most parks in the Park system.
7. The LWCF budget request is higher than what is spent and many result in double counting.
8. As the SWCAP is based upon appropriations rather than actual expenditures, the assessment may be double counting funds by withdrawing from the parks fund from prior year's revenue not spent.

1. **The State Park under the Parks Fund established in 1991 under RSA 216-A:3 does not require that the system operate without support from the General Fund.** Attached, please find a September 26, 2009 memo prepared by a legislative researcher regarding the Parks Fund. The conclusion is that “Currently there is nothing in statute requiring that the state park fees bring in enough to cover all expenses of the State Park System.” However General Funds have not been provided to support the operation of the park system and in fact the parks fund was carrying a \$2.6 million deficit in 2006. However, the Parks System does receive General Fund support in the form of the Capital Budget appropriation and administrative support from the Department of Administrative Services (DAS). A charge to the Park System to offset general funds used to support DAS is a fundamental change in the funding structure of the agency. Therefore, we believe there is justification to waive the entire amount charged to those budgeted line items based upon both the parks accounts and ski accounts in the Parks Fund.
2. **A significant portion of the budget is pass through to other entities.** Of the \$34 million agency budget of other funds, over \$6,216,991 million is pass through – LWCF, RTP funds and grants to motorized vehicle clubs. We do not believe that these grants should be included in the calculation.
3. **State Parks Fund has increasingly picked up the cost of operating the Department formerly supported by the General Fund.** In order to continue to be able to function, Parks has increasingly had to pick up costs within the department formerly supported by the General Fund. This includes an increase of the allocation of costs for the Design Development and Maintenance services budget under the Commissioner’s Office from 50% to 80%, the funding of four positions in the Business Office, and the funding of a position in the Division of Forests and Lands to provide land management support. This amounts to \$700,218 in FY2020, an amount significantly more than the SWCAP.
4. **A significant portion of the budget (\$3,507,779) is used to address deferred maintenance, complementing limited General Fund capital dollars.** Class 47 (Own Force Maintenance) and Class 48 (Contracted Services) have increased substantially over the years to \$1,265,865. The agency also receives 40% of the LWCF funds (\$1,257,118) for capital projects. These increases along with Debt Service (Class 44 including approximately \$600,000 to be moved to Class 48 budgeted to be used for campground expansion and \$166,206 other debt service) allow deferred maintenance to be addressed and improvements to Park System to be made not requiring additional General Fund Capital Budget Appropriation. \$192,752 is also being spent for roads in the Connecticut Lakes Headwaters
5. **The agency has had to grant discounted access to state employees through the collective bargaining agreement.** The value of these discounts to other employees is \$42,959 average per year for the last 5 years and over \$1,000,000 since the Parks Fund was established. Providing these discounts is entirely contrary to the statutes that guide the funding of the Parks System.
6. **The scale of the amount asses is significant compared to the scale of most parks within the park system.** Fees are collected at roughly half of the 93 State Parks. Of those where we collect fees, just over half generate positive revenue. The SWCAP assessment for 2020 is \$457,803. The 15 parks in the Central Region netted \$150,000 in 2018, the South Region \$514,000, and the North Region lost over \$800,000 (half of that being operating funds used for a bathroom project). It is difficult to motivate the staff to focus on collecting every dollar and controlling every cost when faced with such a significant overhead charge. A major point we communicate with the public in

advocating for charging fees is that all of those fees go directly back into supporting the agency and the State Park System. In order to maintain our currently available financial resources, operations and improvements we would have to raise fees to offset the cost recovery.

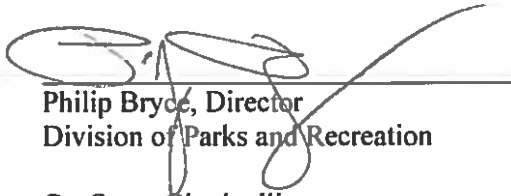
7. **The LWCF budget request is higher than what is spent.** The budget is an authorization to expend based upon outstanding grant obligations. Generally, the actual expenditure is less than this amount. If those funds are not spent on the grant and then rebudgeted, we are concerned that LWCF revenue is being double counted.
  
8. **As the SWCAP is based upon appropriations rather than actual expenditures, the assessment may be double counting funds by withdrawing from the parks fund from prior year's revenue not spent.** The budget request has been greater than the expected revenue requiring withdrawal from the Parks Fund balance. The additional funds are to improve the condition of parks and if we are not able to get to these projects, that parks fund balance amount may be counted multiple times.

We request that the State Park System not be assessed the SWCAP for the reasons above including the original intention of the Parks Fund, the amount of pass through dollars and the amount of General Funds being offset including \$700,218 formerly provided by the General Fund.

Our request is not a reflection on the service provided by DAS. This request is to continue to allow investments in the Park System. The more funds that can be put directly back into the operation, improvement and expansion of the State Park System, the greater the support for a system that is funded through user fees and allows a sustainable Park System to be operated that is financially solvent and does not need direct General Fund support.

As it stands, we face the potential need to seek fee increases just to sustain the operation of the system excluding the ability to fund much needed deferred maintenance.

Sincerely,



Philip Bryce, Director  
Division of Parks and Recreation

Cc: Steve Giovinelli

