

**An Evaluation of the Vehicle Licensing Tab
Donation Program**

**A Report to the Office of Financial Management
and the Legislative Fiscal Committees
As Mandated by the 2009-2011 Operating Budget (ESHB 2339)**

January 2010



Prepared by

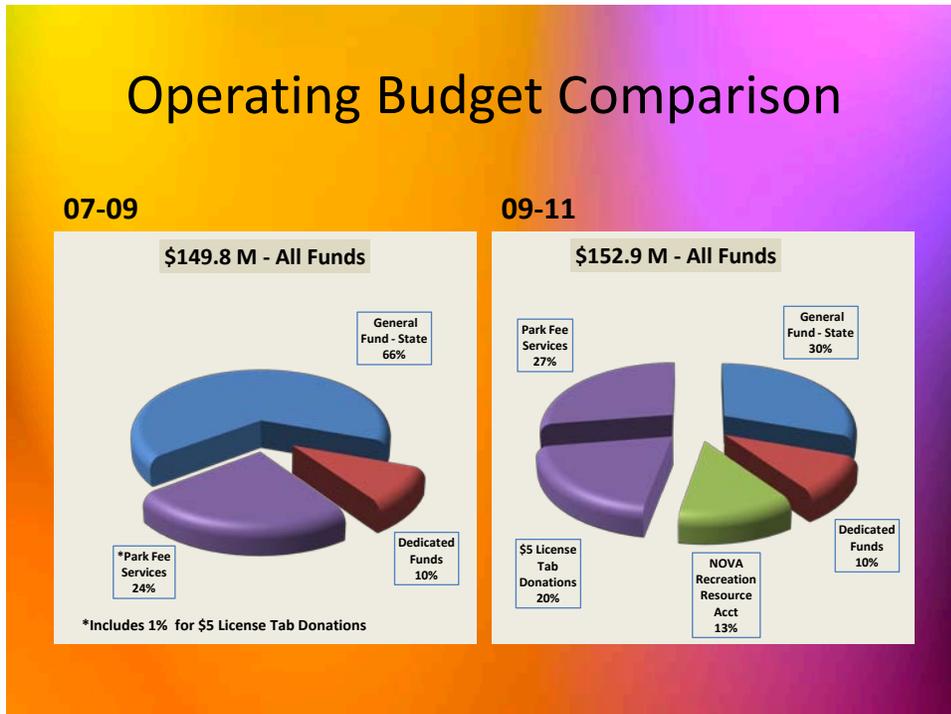
Ilene Frisch, Administration, Finance, and Technology Director

Washington State Parks and Recreation Commission

Rex Derr, Director

Background

Senate House Bill 2339 (Chapter 512, Laws of 2009) was signed into law and became effective July 2009 for vehicle registrations and renewals due or to become due on or after September 2009. The legislation required the Department of Licensing to collect a donation to benefit the state parks system as part of motor vehicle registration initial applications or renewals, unless a vehicle owner opts not to provide a donation.



The Enacted 2009-11 biennial budget reduced State Parks' General Fund budget by a total of \$52 million. To mitigate the reduction, the Parks Renewal Stewardship Account (PRSA) was increased by \$27 million in spending authority – \$26 million for estimated donations and \$1 million for other projected revenue increases. Also as part of the reduction mitigation, \$19.4 million was shifted from other sources and added to State Parks' budget; these shifted funds included \$9.8 million from the Resource Recreation Account and \$9.6 million from the Non-highway Off-road Vehicle Account (NOVA).

In enacting the law with the donation program for State Parks, the Legislature anticipated that the revenue from the donation program would exceed the General Fund reduction and possibly could provide an additional \$1.7 million to address ongoing maintenance needs such as campsite

improvements, dock and boat launch maintenance, fencing, signage and trail improvements. Funds collected from this source will be used solely for the operation and maintenance of state parks.

Additionally, the enacted budget included the following language: “With the passage of Substitute House Bill No. 2339 (state parks system donation), the legislature finds that it has provided sufficient funds to ensure that all state parks remain open during the 2009-11 biennium. The commission shall not close state parks unless the bill is not enacted by June 30, 2009, or revenue collections are insufficient to fund the ongoing operation of state parks. By January 10, 2010, the commission shall provide a report to the legislature on their budget and resources related to operating parks for the remainder of the biennium.”

Revenue information

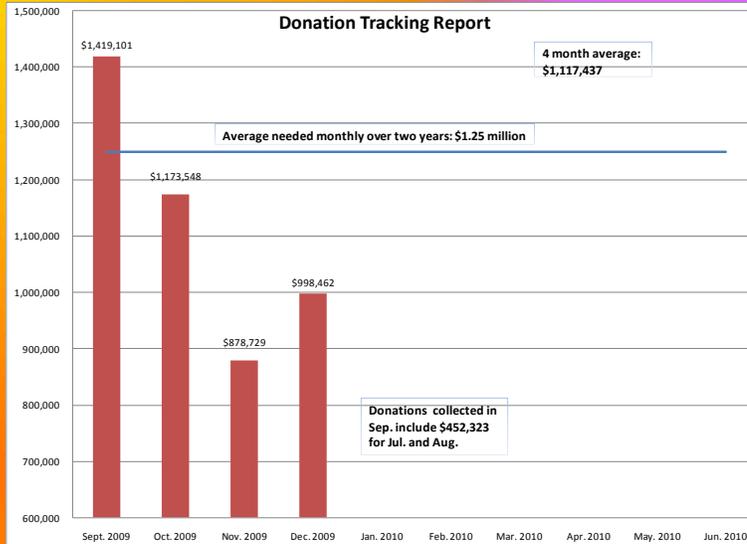
Approximately \$4.5 million in citizen donations has been collected since July 2009.

It is important to note that the program was fully implemented in September 2009. Since billings are mailed several weeks before the month the renewals are due, some vehicle owners paid and made donations under the new program in July and August. As the program continues, it is not possible to know how many vehicle owners with a specific due date may pay early, may pay during the month the renewal is due or may pay late. Also, license renewal forms previous to the new donation program included an option for vehicle owners to add a donation of \$5 or more to their bill when they paid.

It also is important to note that donations are expected to vary from month to month because the number of registrations varies month to month. For these reasons, State Parks believes that tracking collections by month is useful to indicate trends, but a cumulative average is a better indicator of how the program is going. To meet the donation target reflected in the enacted budget, a cumulative average of \$1.2 million per month is needed during the biennium. Currently, the cumulative average collected is \$1.1 million – very close to what the numbers need to be.

To put it in more casual language, State Parks is “under the line, but squeaking by.” It is safe to say that if the numbers remain at approximately the current levels of donations and no additional reductions are taken, state parks will remain open.

License Tab Donation Program



The visual representation above shows the fluctuation in donations month-to-month. As you can see in the information indicated in the upper right portion of the graph, the cumulative average is slightly below where it should be; however, it is still early for the donation program and early in the biennium. State Parks is reviewing the data and managing its cash flow very carefully, on a month-to-month basis.

It also is important to note that State Parks increased its reserve fund from \$3 million to \$6 million dollars to take care of revenue fluctuations and manage its budget under this new construct. The reserve fund is the backbone of managing a budget that is based largely on money not yet in hand.

The Governor submitted a Fiscal Year 2010 Supplemental Budget that included a \$3.2 million reduction to the General Fund for State Parks. State Parks anticipated this reduction and proactively reduced spending in its fiscal planning for the biennium. (See chart, next page, for details.) The agency is, therefore, prepared to deal with this \$3.2 million reduction.

However, any further reductions will impair State Parks' ability to keep parks open. The agency made many administrative cuts and completed a region consolidation, going from four regions to three and moving one of the remaining regions into the Agency Headquarters to save money.

These and other actions already taken, were done to minimize impacts on parks operations.

Governor's Supplemental Reduction (7%)

- \$3.2 M General Fund Reduction (30.7 FTE)
- Implementation of reduction
 - Wenberg State Park transfer = \$430,000 and 3.6 FTE
 - Administrative Staff = \$312,000 and 3.4 FTE
 - Temporary Rangers = \$500,000 and 10 FTE
 - Reduce Interpretive Staff = \$226,000 and 4.5 FTE
 - Transfer 3 parks = \$360,000 and 7 FTE
 - Reduce Arbor Crew = \$200,000 and 2 FTE
 - Fund Shift from GF to PRSA = \$1,200,000

Conclusions

The Washington State Parks and Recreation Commission appreciates the new legislation passed last session to benefit the state park system. The Commission and staff are dedicated to keeping state parks open and operating as efficiently as possible. As with other agencies, remaining staff in the field, at Headquarters and in region offices, are taking on greater responsibility and are applying creative solutions to make things work.

The donation numbers are positive and near where they need to be. The State Parks Commission is optimistic and managing its money closely to weather budget fluctuations. However, if additional reductions are made to the agency's General Fund, the Commission may not be able to guarantee that it can honor the proviso to keep state parks open.