Selected Local Park and Recreation Financial Indicators in the First Half of the 1980s: A Challenge to Conventional Wisdom

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ABSTRACT: Since the passage of Proposition 13 in California, conventional wisdom has assumed that revenue generated through the local tax base for park and recreation departments would decline. Increased implementation of user fees and other sources of self-generated revenue are frequently advocated to replace anticipated shrinking tax revenues. A review of national census data indicates that although self-generated revenues have increased, allocations of locally-generated tax dollars have not declined. Moreover, neither the proportion of local government expenditures allocated to parks and recreation nor the number of people employed in the field have declined substantially.

KEYWORDS: Local government, finance, self-generated revenue.

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Spurred by a gloomy economic outlook, many local public park and recreation administrators in the last decade reappraised their traditional management and financial strategies. In the late 1970s, both economic and social trends seemed to indicate an inevitable, widespread loss of tax support. In a review of the financial status of recreation and parks in nineteen major U.S. cities, Crompton and Van Doren (1978) concluded that tax support was eroding and that the level of funding necessary for municipal leisure services would not likely be fully available from local tax appropriations.

With the 1978 passage of Proposition 13 in California, the residents of California voted to limit taxation and government expenditures. This heralded an unprecedented period of public interest in reducing local taxation and government spending. Proposition 13 removed nearly 60 percent of property taxes collected by the local jurisdictions in California (Howard and Crompton 1980). Since that time, a substantial body of legislation has been designed to limit taxing and spending at all levels of government. For example, Proposition 2 was passed by the Massachusetts electorate in November 1980. This legislation substantially reduced local tax revenues, and this led to diminished park and recreation budgets, the discharge of employees, and reduced morale (Klar and Rodman 1984).

The philosophy of the Reagan administration also adversely affected local government financing by reducing or abolishing such well-established federal grant programs as Revenue Sharing, Community Development Block Grants, and the Land and Water Conservation Fund. The administration actively sought to reduce federal tax support by advocating that those individuals who benefit most from public services should bear the financial burden for them (Manning, Callinan, Echelberger, Koenemann, and McEwen 1984). But traditionally, local park and recreation departments offered programs and services either free of charge or on a subsidized basis. Thus, the prevailing sentiment for reduced tax support at all levels of government was antithetical to the traditional operational model. The tax reduction movement required recreation and park leaders to reappraise traditional management and financing approaches (Toalson 1984, Farrell and Trudeau 1984, Crompton 1984).

Financial cutbacks and restraints became part of the prevailing conditions under which most park and recreation administrators operated and thus became part of the field's conventional wisdom. Several indicators, however, suggest that this reduction in local park and recreation expenditures has not been as pervasive or as restrictive as the conventional wisdom assumed, and a number of studies have alluded to this (Gitelson and Sessoms 1986). Their systematic findings appear to have been overwhelmed, however, by substantial anecdotal evidence disseminated at conferences, in professional publications, and in the general media. This study examines a series of indicators that reflect national trends, and it attempts an objective review of the magnitude of the financial restraints under which local park and recreation departments operated in the first half of the 1980s.

Three such indicators have been used to evaluate the financial status of local park and recreation delivery systems in the United States. First, Crompton and Van Doren (1978) considered the ratio of city expenditures on leisure services as a percentage of overall city expenditures in order to measure the status of local park and recreation services. This measure was adopted because it was assumed that it reflected the relative priority placed on parks and recreation by local decision makers. The authors reasoned that in times of reduced tax support, low-priority programs would receive reduced appropriations and resources.

Second, Gitelson and Sessoms (1986) considered funding and expenditures in their assessment of local park and recreation departments in North Carolina. These data, compared over a seven-year period, were used to develop longitudinal profiles of the financial status of local park and recreation departments during the study period.

Third, Klar and Rodman (1984) considered, among other variables, losses in full- and part-time personnel in order to evaluate whether or not local park and recreation resources had been reduced in the Commonwealth of Massachusetts. They reported that local agencies lost an average of two employees as a result of tax-limiting legislation. The authors suggested that reductions in personnel might have led to reduced programs and services.

Methods

The purpose of this study was to review financial- and employment-related indicators that suggest how local park and recreation departments have fared in the wake of the tax reform movement and the trends toward a pay-as-you-go policy. These indicators consider local park and recreation revenues, expenditures, and numbers of full- and part-time personnel. The following indicators were used in the study: a) revenue self-generated by local park and recreation agencies; b) local government expenditures on parks and recreation as a proportion of total direct general expenditures of local government; and c) the number of full- and part-time park and recreation personnel. Local government includes all cities, villages, boroughs, counties, special districts, and towns, according to the *Census of Governmental Finances, 1980-85*.

The indicators were adjusted with the gross national product (GNP) deflator and compared longitudinally to determine relative losses or gains during the study period. The gross national product deflator measures change in the price of all goods and services produced by the economy (Ruffin and Gregory 1986). *The Economic Report of the President* specifies a GNP deflator calculated for state and local government goods and services. This deflator was considered the most appropriate indicator of change within the public sector at the local level. It was calculated with 1982 as its base year, so all adjusted totals are considered in terms of 1982 dollars. Actual dollar totals published as census data are provided in Tables 1 and 2, but all discussion in this paper relates to adjusted totals.

Data in the U.S. Department of Commerce's *Census of Governmental Finances* from 1980 to 1985 were examined. These data report annual financial and employment trends in local park and recreation agencies.

The data considered in the study do not provide a complete picture of local government revenues and expenditures. The totals do not, for example, indicate the extent to which grants or transfers from other levels of government have changed over the study period, nor the degree to which such funds have been applied to local park and recreation services.

Trends in the Resources of Local Park and Recreation Departments

The *Census of Governmental Finances* indicated that self-generated revenue associated with parks and recreation activities at the local level of government rose over 22 percent during the five-year period from 1980 to 1985 (Table 1). The parks and recreation category was defined by the *Census* as "the provision and support of cultural-scientific facilities and activities including golf courses, playfields, playgrounds, public beaches, swimming pools, tennis courts, parks, auditoriums, stadiums, auto camps, recreation piers, zoos, convention centers, and exhibition halls" (:117).

Table 1
Revenue Generated by Local Park and Recreation Agencies in Millions of Dollars

Year	Adjusted dollars	Actual dollars	Percentage of change from 1980, adjusted dollars	Percentage of change from 1980, actual dollars	Percentage of local expenditures on parks and recreation
1980-81	$1,116	$1,043			18.2
1981-82	1,123	1,123	.63	7.67	18.6
1982-83	1,245	1,308	11.56	25.40	19.8
1983-84	1,313	1,453	17.65	39.30	20.9
1984-85	1,368	1,600	22.58	53.40	20.4

NOTE: GNP deflator for state and local government goods and services was used to adjust for inflation (1982=100).
Source: *Economic Report of the President*; transmitted to the Congress, January 1986; *Census of Government Finances* for the given years, U.S. Department of Commerce

In adjusted dollars, self-generated revenues for local parks and recreation rose from $1.116 billion in 1980-81 to $1.368 billion in 1984-85 (Table 1). This revenue consisted "mainly of current charges received from the performance of specific services and from sales of commodities (other than utility and liquor store proceeds) benefiting those persons charged. Amounts received were reported on a gross basis without offset for costs of operations or purchases" (*Census* 1982-83:vii). All such revenues are received from external sources and do not include noncash transactions.

The inclusion of facilities such as stadiums in the *Census* definition inflates the overall revenue totals. Stadiums, for example, may collect admission fees from thousands of consumers in any given week. It was assumed, however, that the overall impact of these facilities, compared to the revenues generated through more traditional park and recreation services, remained constant over the study period.

Charges and miscellaneous general revenues contributed a consistently increasing proportion of all park and recreation expenditures during the study period. (Miscellaneous revenues were those not specified under particular functions.) The increments ranged from 18.2 percent in 1980-81 to a peak of 20.9 percent in 1983-84, falling to 20.4 percent in 1984-85. In order to affect this 2.2 percent increase from 1980-81 to 1984-85, however, 22.6 percent more revenues were self-generated in 1984-85 than in 1980-81 (Table 1). Thus, although self-generated revenues increased substantially, their impact on overall expenditures was only a 2.2 percent increase. These data suggest the magnitude of the task if self-generated revenues are required to replace substantial tax revenues to support local park and recreation services.

Total expenditures on local parks and recreation in adjusted dollars increased from $6.140 billion in 1980-81 to $6.721 billion in 1984-85, an increase of 9.5 percent (Table 2). An initial decline of 1.53 percent in 1981-82 led to a total increase in each subsequent year. Despite the movement to limit tax revenues and government expenditures, local park and recreation agencies have received budget increases exceeding the rate of inflation, as adjusted by the GNP deflator, since the beginning of the decade. This national trend was consistent with that reported in North Carolina between 1977 and 1983 by Gitelson and Sessoms (1986).

Table 2
Expenditures of Local Government on Parks and Recreation, 1980-1985, in Millions of Dollars

	Local Government expenditures on parks and recreation				Total Local Government expenditures		
Year	Adjusted dollars	Actual dollars	Percentage of change from 1980, adjusted dollars	Percentage of change from 1980, actual dollars	Adjusted dollars	Actual dollars	Ratio of column 2 to column 6
1	2	3	4	5	6	7	8
1980-81	$6,140	$5,735			$393,297	$367,340	1.56
1981-82	6,046	6.046	-1.53	5.42	405,576	405,576	1.49
1982-83	6,247	6,588	1.74	14.87	414,383	435,102	1.51
1983-84	6,289	6,956	2.45	21.29	420,505	465,079	1.49
1984-85	6,721	7,858	9.46	37.02	Not available		

NOTE: GNP deflator for state and local government goods and services was used to adjust for inflation (1982=100).
Source: *Economic Report of the President*; transmitted to the Congress, January 1986. *Census of Government Finances* for the given years, U.S. Department of Commerce.

The ratio of local expenditures on parks and recreation to total general expenditures by local government decreased during the study period from 1.56 to 1.49 with minor fluctuations each year. The priority that local decision makers assign to the delivery of leisure services seems to have fallen slightly (column 8).

Trends in numbers of full-time employees of local park and recreation agencies also reflected a slight decrease over the study period (Table 3). *Census* totals were "based mainly on information reported by local government officials on Census Bureau questionnaires" (*Public Employment* 1985:v). These totals indicate a decline of 2 percent in the number of full-time employees over the first half of the decade, but the 1985 data suggest that this trend may now be reversing.

Table 3
Park and Recreation Employment in Local Government, in Thousands

Year	Full-time	Percentage of change from 1980	Part-time	Percentage of change from 1980	Full-time and part-time	Percentage of change from 1980
1980	1135		84		219	
1981	N/A		N/A		220	0.45
1982	128	-5.19	86	2.39	214	-2.28
1983	127	-5.93	93	10.71	220	.45
1984	127	-5.93	92	9.52	219	0
1985	132	-2.22	98	16.66	230	5.02

NOTE: Statistics are estimates as of October 1 of each year.
Source: *Public Employment* for the given years.

Combined full- and part-time staff totals increased by 5 percent during the same period (Table 3). This trend suggests that local park and recreation departments have turned increasingly to part-time rather than full-time personnel to accommodate service expansion since 1980.

Discussion

The census data indicated that three of the five financial and personnel indicators reviewed actually increased during the study period; the other two indicators, the ratio of local government expenditures on parks and recreation and the number of full-time employees, marginally decreased. The data suggested that self-generated revenues have increased, but they have augmented rather than replaced local tax support which, in turn, experienced moderate growth in real income terms during the five-year period.

The dramatic increases in self-generated revenues at the local level presumably reflected substantial efforts by the many agencies that were adversely affected by the tax revolt movement. The increased revenues may also represent a response to increased citizen demand for more leisure services, which often outstrip the available fiscal resources (Crompton and Lamb 1986). One of the most relevant ways to introduce such services in these circumstances is to make them self-financing.

In addition, self-generated revenues have apparently emerged as an income source to replace the possible reduction in local government income from intergovernmental transfers. The census data could not offer insights into the availability of specific funds from state and federal governments for parks and recreation. It seems likely that they have declined substantially at the federal level, but the relative status of assistance from state governments is not known.

Local park and recreation agencies have received increased allocations of both actual and adjusted tax dollars. The sweeping cuts predicted almost a decade ago in local tax support for parks and recreation have not occurred, and only very small losses have occurred in terms of the ratio of expenditures on parks and recreation to total general expenditures. In other words, park and recreation services are receiving a slightly reduced proportion of the total dollars allocated by local government. This trend seems unrelated to any move to restrain park and recreation spending, however, because overall local spending and allocations to parks and recreation have increased regularly during the study period. These increases exceeded the rate of inflation during that same period, so real growth actually occurred in funding allocations.

The number of full-time employees has declined, however. Census data indicate approximately 2 percent fewer full-time staff members in 1985 than in 1980. The increase in expenditures reported in Table 2 combined with the decrease in the number of full-time staff may reflect the increased emphasis placed on part-time staff and on contracting services to the private sector.

This study considered average data aggregated at the national level. Such data permit only generalizations and cannot reflect events in particular communities or regions. By definition, the average reported here includes many local park and recreation agencies that may have suffered severe resource reductions. The data suggest, however, that more agencies have been accruing additional tax resources than have been losing them. The dramatic examples of local government agency budget reductions have dominated the media and appear to have distorted the overall situation somewhat. There has been a tendency to generalize from these specific anecdotal examples, instead of objectively reviewing the overall situation reflected by the data sources used in this study. Examples of dramatic increases in budget totals can be found, but they do not appear to get as much publicity. For example, the City of New York has doubled its contribution to parks and recreation from $84 million in 1980 to $168 million in 1987 (Simon 1987).

The ostensibly encouraging trend suggested by the indicators reviewed in this study is tempered by at least three caveats. First, the withdrawal of a substantial number of federal programs such as Revenue Sharing, Community Development Block Grants, and Job Training Programs, has required local governments to self-finance many recreation and park services that were previously partially supported by the federal government. Second, the data reviewed here are not related to increases in use or to expansion of available facilities. Both have probably increased substantially during this time period. Third, park and recreation operational costs may have increased more rapidly than the average of the set of items used to calculate the deflator index. This may be attributed partly to quantum increases in utility charges in the 1980s, and utilities are a major budget item in the parks and recreation field. Another contributing factor may be relatively high increases in employee salaries, wages, and benefits. Traditionally, these were very low, and recent concern for increased professionalism in the field may have resulted in unusually large proportionate increases in employee remuneration as a "levelling-up" effort to make recreation and parks positions more attractive.

The census data offered insights into trends on a national scale. The notion of sweeping cutbacks in the delivery of local public park and recreation services loses credence when considered in terms of the census data. Difficult times prevailed in some areas, but they do not reflect the national situation. According to the indicators considered here, parks and recreation have enjoyed modest growth in resource allocations since 1980. Reductions that did occur were small.

The tax reduction movement has not resulted in substantial cutbacks in resources for local park and recreation services across the country and, indeed, its net impact may have been positive in improving both the quantity and quality of services delivered. As Crompton and Lamb (1986) suggest, the idea of an impending crisis is an excellent way to encourage the reappraisal of existing programs and the exploration of new and innovative approaches. When faced with the prospect of diminished resources, local park and recreation departments turned increasingly to self-generating revenues and to increase use of part-time and contract personnel. Both measures may have assisted in achieving considerable internal economies and in providing resources to enable delivery of more and better services.

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