

**The Economic Impact of State Parks
On California's Economy
Final Report**

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**Prepared
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The Impact of California State Parks on the State's Economy

Introduction

California State Parks are among the most visited destinations in California and a vital part of the state's travel economy. Throughout California, many local communities depend on California State Parks to meet travelers' demands. Therefore, it is important that the budget for California State Parks is maintained to protect this economic benefit to California, local jurisdictions the travel industry.

The following are estimates of California State Parks' economic contribution on a statewide and local level. While exact figures are not available; it is recognized that the transient occupancy tax (TOT) contributions to local communities from visitor spending in local accommodations are significant. Additionally, this report does not provide for the additional impact of the employee base supporting the parks or the total output and new sales generated by local concessions.

The data and information in this report were supplied by California State Parks, the Tourism Division of the California Technology, Trade and Commerce Agency, and various private sector sources. No attempt was made to collect new primary data for this study.

Estimated Impact

California State Parks are Among California's most popular travel destinations

- 273 individual park units including Hearst Castle®, Old Town San Diego, Old Sacramento, Angel Island, Lake Oroville, Millerton Lake, Pismo Beach, Emerald Bay, Crystal Cove, Huntington Beach and Humboldt Redwoods.
- 85.2 million visitations in fiscal year 2001/2002, representing 10% annual growth based on a three-year average.
- 13,500 campsites throughout California resulting in 6.9 million overnight visitation or 2.6 million camp nights.

California State Parks are a strong contributor to California's overall travel economy in fiscal year 2001/2002

- 85.2 million visitors generated approximately \$2.6 billion in visitor spending in local communities.
- Estimated \$6.65 billion in total output and new sales as a result of visitor spending.
- Nearly 100,625 jobs can be supported by visitor expenditures.
- For every dollar spent on California State Parks, a conservative estimate is that \$2.35 is returned to the California State's General Fund from spending in the local communities.
- Total gross sales and rentals for independently run concessions affiliated with parks equated to \$99,607,313.

- DPR's ongoing budget for park operations of \$227 million translates to \$6.7 billion in total output and new sales, a return of 30:1 on California State Parks expenditures.

California State Parks visitation and economic growth are expected to continue

- Intra-state travel up 8% post 9/11. (DK Shifflet)
- More people plan to travel with their children. (Yankelovich Travel Monitor)
- Tent camping increased nearly 20% between 1987 and 2000. (Sporting Goods Manufacturing Association)
- Increased nationwide shipment of travel trailers and motor homes in the second quarter of 2002 (up 23.3% and 22.8% respectively). An increase of 17% in RV rental in summer 2002. (California Tourism)
- 38% of Californians say that the increased inconvenience of air travel since 9/11 has made them more inclined to plan a driving vacation in California.
- Back to basics mentality – trips with connections to family, nature, and the US itself.
- Six percentage point increase in travelers interested in visiting historical sites (from 42% last year to 48% this year) and in people planning to camp, hike or climb (up from 40% last year to 46% this year.)

California State Parks impact on local travel markets for fiscal year 2001/2002

The following are estimates of the economic impact of Parks in six of the State's regions. Estimates are the result of extrapolation from survey data and multipliers for comparable Park sites elsewhere in the State. These regions were selected because of their current level of visitor attraction within the State Park System.

1) Central Coast-Morro Strand, Pismo Beach, Hearst Memorial Beach, Montana de Oro, Los Osos Oaks, Hearst Castle®, San Simeon, and Oceano

- **Central Coast Contribution Totals**
 - Annual Visitation = 6,444,874
 - Annual Expenditures = \$267,246,923
 - Gross Output = \$534,477,001
 - Concessions Revenue = \$9,514,112
 - Employment = 9,191
- **Reduction of Hearst Castle® Tours negatively impacts Central Coast by \$7 million a month**
 - As related by Jonni Biaggini, Executive Director of San Luis Obispo Visitor and Conference Bureau in a July 25, 2002 letter.
 - Due to budget cuts at Hearst Castle®, the number of tours have been “capped.”

- Research conducted by the SLOCVCB indicated that a party of two spends \$821 every time they visit the county.
- It is estimated that 10% of visitors were turned away in the summer of 2002.
- Therefore, San Luis Obispo County will lose approximately \$7 million per month in visitor spending.
- Additional evidence indicates a decrease in group tour business, which will result in hotel nights lost for the winter season.

2) Sacramento Area Parks-Old Sacramento (includes CA State Railroad Museum), State Capitol Museum, Sutter's Fort, Indian Museum

- **Sacramento Area Parks Contribution Total**

- Annual Visitation = 1,309,893
- Annual Expenditures = \$60,679,212
- Gross Output = \$129,853,513
- Concessions Revenue = \$948,137
- Employment = 2,229

3) North Coast

- **Humboldt Redwoods**

- Annual Visitation = 537,336
- Annual Expenditures = \$21,533,321
- Gross Output = \$40,913,310
- Concessions Revenue = N/A
- Employment = 706

- **Del Norte**

- Annual Visitation = 60,439
- Annual Expenditures = \$1,667,209
- Gross Output = \$3,167,697
- Concessions Revenue = N/A
- Employment = 55

- **Jedediah Smith Redwoods**

- Annual Visitation = 194,666
- Annual Expenditures = \$7,238,378
- Gross Output = \$13,752,918
- Concessions Revenue = N/A
- Employment = 237

- **Prairie Creek**

- Annual Visitation = 199,902
- Annual Expenditures = \$7,071,938
- Gross Output = \$13,436,683
- Concessions Revenue = N/A

- Employment = 232

4) Oroville, CA

- **Lake Oroville**
- Annual Visitation = 1,025,845
- Annual Expenditures = \$16,816,289
- Gross Output = \$34,323,897
- Concessions Revenue = \$3,819,099
- Employment = 570

5) Southern California Beaches

- **San Clemente/San Onofre Totals**
- Annual Visitation = 3,326,196
- Annual Expenditures = \$199,410,874
- Gross Output = \$494,422,677
- Concessions Revenue = \$60,406
- Employment = 8,008

6) Monterey District State Parks

- There are over 23 State Parks in Monterey County with visitation totaling over **4 million visitors per year.**

- When visitation increases, more spending is infused in the local economies.

According to the *Economic Impact of Tourism in Monterey County 2001* report:

The travel and tourism industry in the Monterey County is second only to agriculture in its direct economic impact on the county.

Travel and tourism in Monterey County in 2001 sustained 24,000 payroll jobs with annual earnings of \$600 million.

Monterey County direct travel and tourism spending in 2002 should increase to \$1.8 billion, near 1999 levels.

Travel and tourism direct spending in Monterey County in 2001 generated \$37.8 million in transient occupancy taxes and sales tax revenues of approximately \$13 million.

- **The direct economic benefit resulting from visitation to State Parks in the Monterey County is \$312 million** based upon the same ratio used by the Department's October 25, 2001 News Release "California Economy Given Boost by State Parks Attendance Increase")

Definitions

Annual Visitation – Total number of visits to State Parks from July 1, 2001- June 30, 2002.

Annual Expenditures – Expenditures in local communities by State Park visitors in four general categories: lodging; prepared food; supplies and gas; and recreation activities and services.

Gross Output - Output or new sales is an economic measure that accounts for how each dollar spent by a visitor in the local community is re-spent and re-circulated on other goods and services within the community. The output/new sales estimates are a more accurate estimate of the true economic impact or benefit to the community.

Concessions Revenue – Includes gross revenue by the Concessionaire and total rental revenue recuperated by the State.

Employment – An estimate of the number of full-time equivalent jobs supported by visitor expenditures within the local community.

The Impact of Travel on the U.S. Economy

California State Parks play a major role in the travel and tourism industry. They serve as an attraction that is increasingly appealing to domestic and foreign visitors to California and the nation. According to the Travel Industry Association (TIA),¹ the U.S. travel and tourism industry reached its peak economic performance in 2000, which in turn, contributed enormously to the overall U.S. economy. Total U.S. domestic person-trips was nearly 1.0 billion during 2000 an increase of 1.0 percent over 1999. Pleasure travel contributed mostly to this growth. Domestic travelers spent \$488.2 billion in the U.S. during 2000, registering an increase of 6.7 percent over domestic travel expenditures in 1999.

International travelers to the U.S. proved to be a real bright spot in the 2000 economy. Total international visitors to the U.S. increased 4.9 percent over 1999. Spending in the U.S. by international visitors totaled \$79.3 billion. This represented an increase of 9.8 percent over 1999.

The diversity of the travel and tourism industry provided substantial benefits to a large number and wide range of businesses and their employees. Increased travelers' spending in 2000 supported robust growth in employment and payroll income. During 2000, domestic and international travel spending created more than 7.9 million jobs for the U.S. economy. This represents a 2.9 percent increase over 1999.

Payroll income continued to grow rapidly in 2000. Total payroll income generated by domestic and international travelers' spending in the U.S. increased 7.4 percent over 1999, reaching almost \$174.6 billion. Strong sales combined with a tight labor market continue to contribute to this above average gain in travel related payroll.

Tax revenues generated by travel represent another significant contribution of travel to the U.S. economy. U.S. and international travelers' spending in the U.S. generated a total of \$103.1 billion for federal, state and local governments in 2000, up nearly 8.0 percent over 1999. Tax revenue is produced through various taxes on travel activities and travel-related receipts, such as excise taxes, sales taxes, income taxes and property taxes.

According to an analysis of the impact of travel on the economy of individual states conducted by TIA, total travel spending within the U.S., including direct and indirect or "multiplier" spending reached nearly \$1.3 trillion in 2000. Indirect and induced spending generated from direct traveler expenditures totaled \$723.2 billion in 2000. This spending benefited a wide-range of firms supplying goods and services to hotels, restaurant airlines and other travel-related establishments. Total wage and salary income generated by the direct and indirect impact of travel spending reached \$377.2 billion in 2000. Nearly 18.3 million jobs were supported by the direct and indirect impact of travel spending in 2000. During 2000, Domestic travelers generated \$89.5 billion in taxes while international travelers generated \$13.7 billion.

The Role of Tourism in the California Economy

California State Parks play a particularly important role in California. They are an attraction in and of themselves and they also serve as a network of sites across the state that can cause visitors to lengthen their stay in the State. Tourism is the largest industry globally in terms of employment and is also growing more rapidly than any other global industry. As the global community becomes more affluent they can devote more of their income to leisure time activities. They also have more time available for leisure time activities due to an increasing preference for more vacation time over increased wages for higher income workers. Travel for entertainment and recreation is the way most consumers are using their available leisure time and discretionary income.

Tourism, including California State Parks, has a major impact on the California economy due to its ability to bring new wealth into the State. While a large segment of the tourism business in California is the result of residents traveling from one part of the State to another for entertainment, recreation and site seeing, it is the residents from other states and countries that bring new wealth into the California economy. California is a leader in capturing a major share of both the domestic and international travel markets.

California Ranks First in U.S. Tourism

California led all 50 U.S. states and the District of Columbia with \$78.1 billion in direct travel expenditures during 2000, 13.8 % of the U.S. total. Florida ranked second with \$59.8 billion in direct travel expenditures, 10.5 % of the U.S. total, followed by New York with \$39.3 billion (6.9 percent).

California ranked first among all 50 U.S. states and the District of Columbia in travel generated payroll with almost \$22.1 billion, 12.6 percent of the U.S. total. Florida ranked second in travel-generated payroll with almost \$16.5 billion (9.5 %) followed by Texas with \$13.4 billion (7.7%)

California and Florida ranked as the top two states for travel-generated employment in 2000, with 931.7 thousand and 801.3 thousand, respectively. The two states comprised 21.8 percent of the total travel-generated employment in 2000.

California collected \$13.3 billion in travel-generated tax revenue, which accounted for 12.9 percent of the total tax revenue generated by travel in the U.S. during 2000 and led all 50 U.S. states and the District of Columbia. Florida ranked second with nearly \$9.6 billion in travel-generated tax revenue in 2000.

Travel from other States

According to an analysis of domestic travel to California in 2001², the State had the largest market share increase among its competitors and the largest increase among the top destination states in the country. It now holds an 11.6% share of total domestic travel; up from 10.8% in 2000. Only Texas increased its share significantly while Florida lost share. A large percentage of domestic travelers to California fit the following profile. Young married couples with incomes well above the national average holding college degrees. Most are visiting friends or relatives and stay an average of 4.7 days compared to the average stay of 1.7 days.

California travelers from other states spent \$81 per day; 41% on dining, 36% on sightseeing and 29% on shopping. These primary activities were more popular among travelers from other states than comparable expenditures for California residents. California visitors from other states spent a large portion of their money for transportation (26%), food (22%), room (21%) and shopping (15%). Satisfaction with their experience was high with most out-of-state travelers to California in 2001. In many cases the satisfaction rating showed an increase over previous years.

International Travel to California

A recent analysis of travel to California³ from other countries found that there were approximately 26 million overseas visitors to the U.S. in 2000, up from 24.5 million in 1999. An estimated 6.4 million of these overseas visitors (24.5%) indicated California was a destination on their U.S. trip, up 1.2 % from 6.2 million overseas visitors to California in 1999. Three in four overseas visitors to California indicated that California was their main destination.

Overseas visitors to California during 2000 reported expenditures in the U.S. averaging \$110 per person per day up from \$102 per day in 1999. Overseas visitors' total trip expenditure averaged \$3,845 compared with \$3,519 in 1999. Visitors to the U.S. who only visited California had total trip expenditures averaging \$3,228. Their average daily expenditure was \$115 per day, similar to all travelers to the U.S. (\$112 per day). During 2000 California's overseas visitors spent an average of 18 nights in the U.S. and 10 nights in California.

Impact of Travel and Tourism on Local Economies

Equally important is the economic impact of travel and tourism on the National economy and those of individual states, local economies benefit substantially from the wealth brought into their area by expenditures for travel and tourism. However, local impact differs from state impact in that travel and tourism spending does not represent “new” wealth in the state’s economy except for the spending of domestic or international travelers who visit from other states or countries.

Conversely, travel and tourism spending in any area of the state by visitors from elsewhere in California as well as that of travelers from other states or nations is new wealth for the jurisdiction where the expenditures are made. Therefore, while travel by Californians from one location in the state to another location in the state does not introduce new wealth to the State’s economy it can be critical for the destination jurisdiction.

A recent study of travel impacts by County for the period 1992-2000 provides specific data on this subject for each county in the State.⁴ Another source of data on the economic impact of travel and tourism at the county and sub-county level is the Transient Occupancy Tax (TOT) Report⁵. This report provides current and historic data on the amount of collected by each county in the state and a number of sub-county locations.

Bringing New Wealth to the State

As previously noted, California is the leading state in the Nation with respect to travel from other states and international travel. These are both major sources of new wealth for the State, because they bring in additional purchasing power in the form of consumer purchases in connection with their visits. It is not known how much California State Parks contribute to the State totals presented above. However, some estimates can be made based on categories of expenditure for domestic and international travelers.

According to the study of domestic travel previously cited⁶, leisure travel by visitors from other states outside California there were 42.1 million person trips by non-resident Californians in 2001. Among the leading activities listed for those trips were visits to National and State Parks, beaches/waterfronts and historic sites. Of the 42.1 million person trips, 10 percent visited parks, 13 percent visited beaches and 7 percent visited historic sites. The study of international travel previously cited⁷, found that California travelers originating in other countries also visit historic places (35.3%), national parks (34.3%) cultural heritage sights (22.6%), and engage in swimming (16.3%) camping/hiking (06.0%).

While this data fails to statistically document the economic impact of travel from other states and nations to California State Parks it confirms that they play a major role in the choice of activities made by visitors from other states and abroad. Given the significance of using California State Parks to bring new wealth into the California economy, better data on this subject might be beneficial for management and marketing purposes.

Local Economic Impact

Travel and Tourism

The impact of travel and tourism on local economies is well documented. According to a recent analysis of tourism spending by County for California⁸, “During 2001, preliminary estimates show that travelers in California contributed \$74.4 billion to the state economy. This spending directly supported over one million jobs with total earnings of \$25.0 billion and generated \$4.8 billion in state and local tax receipts. Since 1992, travel spending has grown an average of 5.7 percent annually while earnings generated by this spending have increased at 5.1 percent per year. The rate of inflation during this same period was 2.7 percent per year.

California State Parks

The 1995 Report

Unfortunately detailed data on the portion of travel and tourism related to park and historic site use is not available. In 1995, the State Planning, Acquisition and Local Services Division of the Resources Agency produced a report assessing the impact of local economies of spending by visitors to California State Parks.⁹ The report was based on a survey of park visitors at eight units of the State Park System taken between 1990 and 1993. These surveys collected information on visitor spending patterns as well as information on visitor activities and opinions.

The primary purpose for conducting the survey was to assess the impact in the local economies surrounding the park units created by the expenditures of park visitors from outside of the local area. California visitors from other jurisdictions were included in the analysis, but no distinction was made between national and international travelers and travelers that live in California. As an outgrowth of this study an assessment was also made of the impact to the State’s economy created by visitors to the State Park System as a whole.

Based on surveys conducted at the eight state park units, day use visitors spend on the average of \$25.70 per-person per-day. Overnight visitors spend an average of \$14.44 per-person per-day. The visitors were separated into four user groups: Local day use, non-local day use, local overnight use, and non-local overnight use. Expenditures for day use visitors ranged from a high of \$54.54 per-person per-day to a low of \$4.94 per-person per-day. For overnight visitors the expenditures ranged from a high of \$25.49 per-person per-day to a low of \$7.43 per-person per-day.

When these results are weighted and extrapolated to the state’s economy as a whole, the 66 million visitors to California’s 273 units of the State Park System were found to spend slightly more than \$1.6 billion. These expenditures generated \$4 billion in total output, \$2 billion in total income, and fiscal support for 62,000 full-time equivalent jobs.

The methodology used for this extrapolation is questionable. The eight sites selected for the study were presumably representative of the statewide system. Given the diversity of the system and the variables that must be taken into question for each type, it is difficult to see how eight sites could be representative. In addition the use of standard multipliers, a common practice for use when the analysis is concerned with a closed system, as is the case with a county are not susceptible to extrapolation to a higher level because of the diversity between units of analysis. Perhaps these questions can be easily answered, but additional information on the methodology use for the extrapolation would be required. These problems do not, however, effect the usefulness of the data for examining economic impact at the local level.

Up-date of the 1995 Report

For the purpose of this analysis, California State Parks has made available data for the FY 2000/2001 comparable to that used in the 1995 report for each of the eight parks¹⁰. Using this data along with the data contained in the 1995 report a comparison can be made for variances in a number of variables over approximately ten years. Three variables were selected for analysis in this report, annual visitation, annual expenditures and annual output. In each case the non-local visitor data will be used.

Annual Non-Local Visitation

Table 1, attached, provides a comparison of the number of non-residents visiting the park during the 1990-1991 and 2000-2001 period for each of the eight parks included in the 1995 analysis. This comparison provides an indicator of park popularity by type, which can be used to measure the role that California State Parks are playing in the tourism taking place at each location. For example, Carpinteria State Beach, South Carlsbad Beach and Millerton Lake all saw significant increase in non-local travel. This could indicate a growing preference for beach sites by these visitors.

Annual Non-Local Expenditures*

Table 2, attached, provides a comparison of expenditures by non-local travelers visiting one of the eight parks during the same period. This table shows significant increases in expenditures for primarily the same parks that showed increases in attendance. However, the 38.6 percent increase in expenditures at Carpinteria State Beach is far greater than the 13.5 percent increase in non-local attendance. The 144 percent increase in expenditures at the South Carlsbad State Beach was even more impressive given the fact that attendance by non-local visitors increased only 96 percent.

* This includes money spent for lodging, prepared food, supplies, gas, and recreation by Park visitors that do not permanently reside in the study area.

Gross Output from Non-Local expenditures

Table 3, compares gross output for each of the eight parks over between 1990 – 1991 and 2000 –2001. Gross output is the total value of sales generated by visitor spending both direct and indirect. South Carlsbad and Carpenteria Beaches are again the leaders with increases in gross output. However, lake sites also did well.

Conclusions

It is important for State policy makers to look at the expense of maintaining a world-class park system as in investment that brings about a substantial return. The return on investment can be documented by calculation of the factors mentioned above, namely

The new wealth that comes into the State through the expenditures of visitors to California State Parks from other states and nations.

The role that parks play in tourism promotion which brings additional wealth to California from other states and nations through non-park related tourism expenditures.

The value of the California State Parks system as a means of generating significant local economic development and impact in the tourism industry, one of the top three industries in the State. In addition it serves as an asset for recruiting new business to the state.

The role in sustainable development that the park system plays providing California visitors and residents alike with a desirable quality of life.

Based on the data and information provided and data obtained from additional sources, it is clear that the California Park system has a significant impact on the economy of the State. The Park system brings new wealth into the State through its attraction of visitors from other States and nations. It also serves as an asset for local economic development organizations in marketing their location to out of state business prospects. Finally, the Park System provides a boost to counties and cities as they develop their local economies, some of which are tourism dependent.

It is not possible to ascertain the absolute contribution that the Park System makes to the California economy until economic impact data regarding park visitation and spending patterns by national and international travelers is available for analysis. However, the estimates found in this report reflect the best available information and can be used for

planning purposes. In fact, these estimates may be understated since estimates of the wealth brought into the State by national and international travelers is not recorded.

Given the complexity of the variables used to estimate the Park Systems role in the California economy it is not feasible to extrapolate from incomplete information. For example, the 1995 report uses a methodology for arriving at estimates for overall impact on the State's economy that is unlikely to be applicable to the up-dated data collected by California State Parks and cited in this analysis.

As the importance of California State Parks relative to the growth in the California economy increases, as it undoubtedly will, the State needs to provide California State Parks with the resources it need to keep accurate annual data on visitors and how much they spend in California. This data is essential for making sound investments in what has come to be one of the major industries in California.

Methodology

The purpose of this report is to provide an objective analysis of the impact that California State Parks have on California's Economy. The analysis is based on data and information supplied by California State Parks, a division of the California Resources Agency, the California Division of Tourism in the California Technology, Trade and Commerce Agency and various private sector sources. The methodology employed was limited to a critical review of the data and information made available by California State Parks and the California Division of Tourism supplemented by data available from private sources. Standard practice for conducting an industry impact analysis was used by the investigator.

No attempt was made to collect additional primary data or validate the accuracy of the data provided. The focus of the analysis was on the validation of the methodologies employed and the reasonableness of the conclusions reached through the use of these methodologies with respect to the impact of California State Parks on the California economy. The report begins with a brief discussion of the role that California State Parks play in the California economic system and the most recent data available on the economic impact of California State Parks on the state and selected local communities. Applying the methodology utilized in previous studies to the most recent data currently available arrived at these estimates. This is followed by a discussion of the importance of travel and tourism to the National and California economy and the impact of travel and tourism on the local economy.

¹ Impact of Travel on State Economies, Travel Industry Association, 2002

² Domestic Travel Report, California Tourism, August, 2002

³ A Market Profile of Overseas Visitors to California, 2000, California Tourism, July, 2001

⁴ Travel Impacts by County 1992-2000, California Tourism, March, 2002

⁵ California Transient Occupancy Tax Report, Dean Runyan Associates, June, 2002

⁶ Domestic Travel Report, Op. Cit.

⁷ Market Profile, Op. Cit.

⁸ Travel Impacts, Op. Cit.

⁹ The Impact on Local Economies of Spending by Visitors to California State Parks, California State Parks, October, 1995

¹⁰ Unpublished data