

RECREATION FUNDING IN AMERICA: CURRENT RESULTS AND FUTURE INSIGHTS

The Outdoor Recreation Roundtable (ORR), with Southwick Associates, conducted a study to help develop a better understanding of federal spending in support of outdoor recreation, associated trends, and issues that might impact future funding and recreation needs. The full report quantifies current federal outdoor recreation-related spending, its sources, and outlines possible threats and potential solutions related to these findings. This report was made possible from the financial support of leading outdoor industry CEOs from KOA, Brunswick, Winnebago Industries, and Revelyst.

BACKGROUND:

Outdoor recreation is more important than ever to American society, but its future is threatened by a variety of challenges, including:

- **More visitors than ever + climate events = major pressure on recreational resources.**
 - The impacts of millions more outdoor recreational users on federal resources plus unprecedented economic damages resulting from climate-related events are increasing the costs of providing basic outdoor recreational infrastructure and access. For these reasons, the deferred maintenance backlog and the cost of basic operations on public lands and waters could increase significantly.
- **Recreation funding has historically relied on fossil fuel-based revenue sources.**
 - The offshore oil and gas extraction sector, whose royalties fund the Land and Water Conservation Fund (LWCF) and Legacy Restoration Fund (LRF), may decline as the United States shifts energy sources.
 - Sales of off-highway vehicles, recreational boats, and small engine motor fuels, whose fuel taxes fund the Recreational Trails Program and Sport Fish Restoration and Boating Trust Fund, may decrease as boats and vehicles transition away from fossil fuels.
- **Hunting and fishing excise tax contributions may decline.**
 - While revenues from excise taxes on sportfishing items, fuel, firearms, and ammunition have been increasing in recent years, long-term sportfishing and hunting participation rates have generally been flat, as seen in license sales trends.

KEY FINDINGS

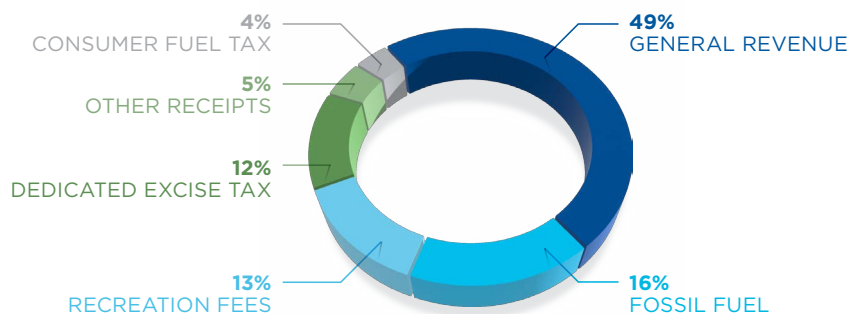
1. **The gap between the deferred maintenance backlog at all agencies and federal recreation spending could grow to \$34 billion by 2042.**
 - a. If spending for recreation grows only at the projected rate of inflation (2.8%) for the next 20 years, and the deferred maintenance backlog continues to grow at its historic rate of 3.4% each year, the funding gap will increase significantly. Other exacerbating factors like declining excise tax revenues and fossil fuels, and increased extreme weather events and climate change, along with more users could make this gap even worse.

2. **Outdoor recreation contributes nearly 14 times more to U.S. GDP than what it gets from federal spending.**
 - a. Outdoor recreation accounts for 2.2% of U.S. Gross Domestic Product (GDP). However, the percentage of the federal budget allocated towards outdoor recreation is only 0.16%. To match outdoor recreation's contribution to GDP, spending on outdoor recreation as a share of the federal budget would have to increase nearly 14 times.

3. **Increases in federal outdoor recreation spending lag significantly behind increases in overall federal spending.**
 - a. Federal spending that benefits recreation has increased 22% while the overall federal budget for all purposes has increased 76% in the last two decades.

4. **The federal outdoor recreation budget needs to increase significantly to keep pace with inflation - 74% by 2042 just to maintain today's standards of funding.**
 - a. If the 10-year expected annual inflation rate of 2.8% was to continue for 20 years, federal budgets for outdoor recreation would need to increase 74% by 2042 just to maintain current levels of support, which are not adequate. Given that the current federal budget contribution to outdoor recreation is \$9.4 billion, an additional \$6.9 billion would be needed by 2042.

5. **A significant portion of outdoor recreation funding comes from sources outside general revenue.**
 - a. Less than half of federal outdoor recreation spending is from general revenue sources (49% in FY 2022). Fifty-one percent of federal outdoor recreation spending comes from other sources including fossil fuel taxes (16%), recreation fees (13%), excise taxes (12%), other receipts (5%), and consumer fuel taxes (4%)



6. Two billion dollars in federal outdoor recreation spending is at risk from changing patterns in energy consumption.

- a. Taxes on fossil fuel extraction and consumer fuel consumption comprise 20% of all federal outdoor recreation-related spending.
- b. The federal agencies with the greatest amounts of dollars reliant on fossil fuels/fuel taxes are:
 - i. U.S. Fish and Wildlife Service (\$458 Million annually)
 - ii. National Park Service (\$341 Million annually)
 - iii. U.S. Forest Service (\$174 Million annually)
- c. The federal agencies with the greatest proportions of their outdoor recreation spending budgets at risk from declines from fossil fuel/fuel tax revenues are:
 - i. Federal Highway Administration's Recreational Trails Program (100%)
 - ii. U.S. Army Corps of Engineers (49%)
 - iii. Bureau of Land Management (44%)

7. Federal spending on outdoor recreation has been sporadic and often neglected.

- a. Federal recreation spending in inflation-adjusted terms decreased 1% from 2002 to 2012 contributing to many of the issues we face today with strained infrastructure and an increasing deferred maintenance backlog.

POSSIBLE SOLUTIONS:

1. Government responsibility.

- a. Federal agencies could take steps to recognize and prioritize the importance of outdoor recreation to their revenue models, jobs, communities, and the economy and appropriately allocate funding to outdoor recreation resources and programs. This will ensure that:
 - i. Federal contributions increase nearly 3% annually just to keep pace with current levels of support.
 - ii. Land and water management agencies make meaningful progress on the deferred maintenance backlog, visitor management, data collection, climate mitigation, and partnerships with gateway communities.
- b. The White House could establish a Presidential Commission on the Future of Recreation Funding in the 21st Century to unite public, private, and nonprofit leadership around key opportunities to create sustainable funding.
- c. Pass the [EXPLORE Act](#) to make spending on recreation go further and more equitable by improving experiences and access for all, updating outdated agency planning and processes, mitigating the impacts of increasing visitation, and supporting the growth of the outdoor recreation economy.

2. Private sector leadership.

- a. Private sector funding will be critical in addressing federal budget gaps and supporting high-impact recreation projects. With projected changes in renewable energy and charging, outdoor companies will need to collaborate with next-generation technology companies and build a model that contributes to recreation budgets, much as oil and gas receipts have.
- b. Leading organizations across the outdoor recreation economy must establish outdoor recreation as a core American issue to recruit a deep, dependable, and bipartisan bench of recreation champions in Congress to ensure stable and increasing funding streams for recreation resources.
- c. Educate and engage consumers on projected shortfalls in recreation funding and create coordinated campaigns to increase support (i.e., donation models at checkout/philanthropic support).

