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Financing Public Parks

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Parks and recreation areas are public benefits. As such, they are often supported financially by state and federal governments, private groups and individuals. This bulletin introduces some of the principal sources of assistance.

A local park and recreation board is usually faced with limited funds and a charge to produce a grand park system. However, there are several methods of strengthening the financial base. Some of the major types are:

Major Sources of Assistance for Public Parks

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PURDUE UNIVERSITY • COOPERATIVE EXTENSION SERVICE • WEST LAFAYETTE, INDIANA 47907
Land and Water Conservation Fund (Bureau of Outdoor Recreation)

A matching grant program set up in 1965 (P.L. 88-578), this program has received increasing Congressional support. Some of the fund is annually allocated to the states by the Bureau of Outdoor Recreation for distribution to eligible state and local public recreation areas. Only outdoor recreation acquisition and development projects are considered. They may include beautification projects, trails, multi-purpose recreation complexes, urban and rural parks and certain other facilities.

The State Department of Natural Resources (Division of Outdoor Recreation) evaluates applications from local governments. A complex, objective rating formula is used to rank projects. Funds available each year are allocated to park boards submitting applications for projects which are eligible, which resolve priority needs and which otherwise rank high.

Eligibility

As a precondition, the state must have a comprehensive outdoor recreation plan to be eligible to receive BOR funds. In that plan, regions of the state are identified as to needs for parks and facilities.

The local park and recreation board must have a BOR-approved master plan for its system. It must then submit to the state (and the BOR) a plan of the project for which matching funds are sought. The state annually announces deadlines for applications, which are usually in the early autumn. The project is then rated by formula, along with other applications. It becomes eligible for funding if it ranks highly enough.

Methods for Matching

At least half the project cost must come from the local agency. This can include actual expenditures by the board from appropriations and bonds, or the value of donations of land services. All must be expended, after the project is approved. Do not accept gifts of land and do not purchase property until after approval, if the value of the property is part of the local match. If Community Development Block Grant money is available, it may serve as part of the local match.

By using the value of donations of land and in-kind services as part or all of the local match, communities have sometimes gained a new park with very little actual cash outlay. (Contact Indiana Department of Natural Resources, Division of Outdoor Recreation or the U.S. Department of the Interior, Bureau of Outdoor Recreation.)

Community Development Block Grants

In low and moderate income neighborhoods, parks and recreation facilities can be part of a community development project. Improvement of the total living environment is the main goal of the 1974 Community Development Act (P.L. 93-383). It is administered by the U.S. Department of Housing and Urban Development.

The local three-year Community Development Plan is a prerequisite to funding. Communities receiving funds may use them for park acquisition, construction, site improvements and facilities. Two unique features allow use of the funds for: a) payment of the non-federal share of other federal grant-in-aid programs, and b) partial payment of administration and planning costs of special community development programs.

Relocation costs of families, businesses and farms for purposes of community development projects can be compensated with money appropriated.

In the first few years, money was allocated in lump sums to local governments for disbursement without project applications. Gradually, more formal application procedures are being followed. (Contact the Department of Housing and Urban Development Regional Office).

Revenue-Sharing Funds

Federal monies returned to communities can be used for park and recreation purposes. The allocation decision is made at the local level each year. The park board should consult with appropriate local officials well in advance of the disbursement time. Careful presentation of needs is usually helpful. Projects that are one-time expenditures with easy-to-see benefits have the most appeal.

Small Watershed Program (P. L. 566)

The Soil Conservation Service administers a program of technical and financial assistance which often produces important recreational benefits. Ponds and small reservoirs are often part of the watershed control projects developed through the Soil and Water Conservation Districts. They can be developed for recreation and managed under cooperative agreements.

Get detailed information on potential local sites from the County Soil Conservation Service Office. The SCS office can also provide valuable information on soil capabilities, aerial photography, drainage, and other technical material.
Historic Preservation Funds

The National Trust for Historic Preservation promotes efforts to enhance historic structures and other values. Through the National Historic Preservation Act of 1966 and its major amendment in 1976, matching grants-in-aid are distributed to states.

Eligible projects include protection, rehabilitation, restoration and reconstruction of districts, sites, buildings and objects of significance to American history, architecture or culture. Archaeological projects are sometimes eligible.

The Indiana coordinator is the Department of Natural Resources, Division of Museums and Memorials. The National Park Service coordinates the grants-in-aid program at the federal level.

Donations from Private and Corporate Sources

Some or all of the value of lands and facilities may be donated by individual or corporate owners. Some authorities estimate that 50 percent or more of America’s local park acreage has been donated.

Donations to public agencies can generally result in income tax deductions for the donor. Because of tax savings, a person giving land worth $50,000 may save enough on taxes so the gift actually costs him much less. The park board lawyer or other financial advisor should work carefully with potential donors.

In cases where Land and Water Conservation Funds are applied for in conjunction with a gift, the value of the donation can be used as the local match. West Lafayette gained a five-acre intensive use park this way. The Sears Roebuck Foundation donated the land, after the L & WCF project was approved. The value of the land gift was matched by federal funds, which paid for game courts, lights, parking and clean-up. The City paid virtually no cash in the final analysis.

Partial donations can be realized when a private or corporate seller offers to sell land for a price below the appraised value. Then, the difference between the appraised value and the transaction price can usually be considered a tax deductible donation. It can also be considered as part of the local match for L & WCF grants. Thus, it is possible that a person who sells land valued at $35,000 for $25,000 can:

a) claim a deduction of $10,000
b) save the park and recreation board $10,000
c) allow the community to apply for $35,000 federal matching money

Endowments or Park Foundations

Some boards find benefactors who provide for special needs via income-producing funds. These are usually most useful as supplementary income for special projects.

They can become something of a problem if elected officials develop the impression that endowment funds are available to substitute for shortfalls in public funding. This requires careful definition and understanding of the purposes of the endowment or foundation income. Avoid excessive restriction, however; some flexibility in spending of endowment funds is needed.

Preemptive Purchase

The Nature Conservancy

In cases involving preservation of land with significant natural values, The Nature Conservancy may be helpful.

This non-profit citizen’s group does not provide money as grants, but may be helpful in developing strategy and in securing land quickly. Sometimes potential donors prefer to deal with the experienced legal personnel of this national organization. The organization can act rapidly and efficiently, while park boards must often wait for appropriations before making definite commitments. TNC can also retain reverter clauses, assuring a donor that the land will be kept in natural conditions.

The Nature Conservancy in Indiana may be interested in a local park or preserve only if two conditions are met: 1) the project involves preservation of important material areas and 2) there is strong evidence that the local government will be able to purchase the land from TNC in a short time. Examples of TNC—local park board cooperation include acquisition of a 1,000 acre county wildlife area for the Lake County Parks and Recreation Board, and addition of a nature preserve to a new Harrison County Park. In each case, landowners were interested in sale or donation at a time before the county government could appropriate funds.

Other Organizations

Local organizations have been formed in several areas of Indiana to achieve similar, more specific purposes. They include "ACRES" in Northeastern Indiana, "SPUR" in the Whitewater Valley, and the Wildcat Park Foundation in the Wildcat Creek area of North-Central Indiana. The Izaak Walton League has an endowment fund which has assisted in some projects of special interest.

The Fiscal Base

Any park and recreation board can use the sources mentioned as supplements to its normal funding. They provide the icing on the cake, the extra one-time boosts that are needed to spur a system to higher levels.
The basic funding source for a public park and recreation program is from the tax base. Appropriations from general funds are the most common source. Other arrangements include millage taxes, special taxes and assessments. Usually only small proportions come from various permits, concessionaire income, rents and dispensing machine incomes.

Additional funds can be realized from fees and charges for special services, but these usually merely cover expenses of the service.

Bonding

A park and recreation board usually has the authority to float a bond. This is, in effect, taking out a loan to buy or develop land now. It will be paid back by the people who benefit most from it.

Park bonds have often proven to be heavily favored by voters, even in counties which are generally reluctant to approve bonds for other purposes. The plan must be well prepared and the benefits of the park fairly and clearly presented to the voters.

Bonds are used sparingly, for major projects. They are not appropriate sources of funding for operating costs.

A skilled, honest and reasonable bond lawyer is of great assistance. Consider several, including the city or county attorney.

Other Sources to Investigate

State and Federal Highway Agencies

Highway funds can be used to add bike paths in conjunction with road construction, if the state highway commission approves such use of the funds. Scenic roads and other transportation-related projects may be assisted by certain limited programs of state and federal highway agencies.

Surplus Property

Federal land is transferable to local park departments at 50% of value for recreation purposes or without cost for historic monument purposes.

Surplus equipment and machinery is listed for agencies desiring to make bond and transport it from the point of sale to the park. Under a 1976 amendment (P.L. 94-519) to the Federal Property and Administrative Services Act, state and local park and recreation agencies have easier access to $800 million or more of goods.


Labor

a) The Comprehensive Employment and Training Act (CETA) contains numerous programs for part and full-time employment subsidies for selected workers. Some include seasonal workers. See the Dept. of Labor and local employment officials. Beware of assuming that highly motivated professionals can be hired through this arrangement. Only a few have been.

b) College Work-Study pays 80 percent of eligible students' wages when they are employed by a qualifying agency. Well-qualified and motivated young people can often be employed for the summer and part-time during the school year with a low cash outlay.

c) The Green Thumb program pays older people to work part-time on public projects. Planning and supervision are needed for efficient utilization of these experienced workers.

d) Volunteer programs can be developed with university clubs, scouts, civic clubs, docents and others. Effective leadership from the park organization is essential for success.

e) Penal institutions can often provide certain kinds of labor for park development.

Army Corps of Engineers

Help in water-based recreation can often be obtained from the Corps of Engineers. Beach protection, harbor improvements, plans and data are among the many programs which are available. Contact the nearest district office or the Director of Civil Works, Office of the Chief of Engineers, Dept. of the Army, Washington, D.C. 20315.

Farmers Home Administration

This agency can provide loan assistance or insurance for eligible private and rural public recreation groups. This will help in bond issues for rural communities by allowing lower interest rates.

Environmental Protection Agency (EPA)

The EPA provides aid in the form of grants and loans pertaining to water pollution control assisting specific projects. If a park or lake is affected by pollution, contact the nearest EPA office for advice.

Federal Energy Agency

This new Cabinet agency makes grants available for solar energy projects to communities with innovative projects related to buildings, pools and other community facilities.
Other Programs

Dozens of federal and state programs can provide financial or technical assistance to a park board. Those listed here are the most commonly-used programs. The County Extension Coordinator of the Cooperative Extension Service can help obtain information about other programs.

Summary of Action

1. Establish a Park and Recreation Board and Department ........................................ DOR-DNR

2. Develop a long range master plan and seek state approval of it. ................................. DOR-DNR Planner

3. Investigate all sources of assistance.

4. Select specific projects, prepare plans for them and prepare applications for assistance ................................ Various Agencies

5. Secure matching funds and operating monies ....................................................... Your local government and donors

1DOR-DNR: Division of Outdoor Recreation, Department of Natural Resources, State Office Building, Sixth Floor, Indianapolis, Indiana (317) 633-4677.

References


