United States General Accounting Office

GAO

Testimony

Before the Committee on Energy and Natural Resources, U.S. Senate

For Release on Delivery
Expected at 2:30 p.m. EST
Tuesday, March 30, 2004

NATIONAL PARK SERVICE

A More Systematic Process for Establishing National Heritage Areas and Actions to Improve Their Accountability Are Needed

Statement of Barry T. Hill, Director
Natural Resources and Environment

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GAO-04-593T

March 30, 2004

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Highlights

Highlights of GAO-04-593T, testimony before the Committee on Energy and Natural Resources, U.S. Senate

NATIONAL PARK SERVICE

A More Systematic Process for Establishing National Heritage Areas and Actions to Improve Their Accountability Are Needed

Why GAO Did This Study

The Congress has established, or "designated," 24 national heritage areas to recognize the value of their local traditions, history, and resources to the nation's heritage. These areas, including public and private lands, receive funds and assistance through cooperative agreements with the National Park Service, which has no formal program for them. They also receive funds from other agencies and nonfederal sources, and are managed by local entities. Growing interest in new areas has raised concerns about rising federal costs and the risk of limits on private land use.

GAO was asked to review the (1) process for designating heritage areas, (2) amount of federal funding to these areas, (3) process for overseeing areas' activities and use of federal funds, and (4) effects, if any, they have on private property rights.

What GAO Recommends

GAO recommends that the Park Service (1) develop consistent standards and processes for reviewing areas' management plans; (2) require regions to review areas' financial audit reports, and (3) develop results-oriented goals and measures for the agency's activities and require areas to adopt a similar approach.

www.gao.gov/cgi-bin/getrpt?GAO-04-593T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Barry T. Hill at (202) 512-3841 or hillbt@gao.gov.

What GAO Found

No systematic process currently exists for identifying qualified sites and designating them as national heritage areas. While the Congress generally has designated heritage areas with the Park Service's advice, it designated 10 of the 24 areas without a thorough agency review; in 6 of these 10 cases, the agency recommended deferring action. Even when the agency fully studied sites, it found few that were unsuitable. The agency's criteria are very general. For example, one criterion states that a proposed area should reflect "traditions, customs, beliefs, and folk life that are a valuable part of the national story." These criteria are open to interpretation and, using them, the agency has eliminated few sites as prospective heritage areas.

According to data from 22 of the 24 heritage areas, in fiscal years 1997 through 2002, the areas received about $310 million in total funding. Of this total, about $154 million came from state and local governments and private sources and another $156 million came from the federal government. Over $50 million was dedicated heritage area funds provided through the Park Service, with another $44 million coming from other Park Service programs and about $61 million from 11 other federal sources. Generally, each area's designating legislation imposes matching requirements and sunset provisions to limit the federal funds. However, since 1984, five areas that reached their sunset dates had their funding extended.

The Park Service oversees heritage areas' activities by monitoring their implementation of the terms set forth in the cooperative agreements. These terms, however, do not include several key management controls. That is, the agency has not (1) always reviewed areas' financial audit reports, (2) developed consistent standards for reviewing areas' management plans, and (3) developed results-oriented goals and measures for the agency's heritage area activities, or required the areas to adopt a similar approach. Park Service officials said that the agency has not taken these actions because, without a program, it lacks adequate direction and funding.

Heritage areas do not appear to have affected property owners' rights. In fact, the designating legislation of 13 areas and the management plans of at least 6 provide assurances that such rights will be protected. However, property rights advocates fear the effects of provisions in some management plans. These provisions encourage local governments to implement land use policies that are consistent with the heritage areas' plans, which may allow the heritage areas to indirectly influence zoning and land use planning in ways that could restrict owners' use of their property. Nevertheless, heritage area officials, Park Service headquarters and regional staff, and representatives of national property rights groups that we contacted were unable to provide us with any examples of a heritage area directly affecting—positively or negatively—private property values or use.

Mr. Chairman and Members of the Committee:

I am pleased to be here today to discuss a number of issues concerning the designation, funding, and oversight of national heritage areas. As you know, over the past two decades, the Congress has established, or "designated," 24 national heritage areas and provided them with millions of dollars in financial assistance through the National Park Service. By providing this designation, the Congress has determined that these areas' local cultures, traditions, history, and resources are worthy of being recognized and preserved because of their contributions to the nation's heritage. These areas can encompass large tracts of land and incorporate public as well as private property. The number of bills introduced to study or designate new areas has grown considerably in recent years. In the 108th Congress alone, as of early March 2004, over 30 bills had been introduced to either study or establish new areas. This growing interest in creating new heritage areas has raised concerns that their numbers may expand rapidly and significantly increase the amount of federal funds supporting them. In addition, private property rights advocates are concerned that heritage area designations could increase the risk that federal controls or other limits will be placed on private land use.

Once designated, heritage areas can receive funding through the National Park Service's budget, although the agency has no formal heritage area program. The Park Service provides technical assistance to the areas, and the Congress appropriates the agency limited funds for these activities.[1] The Park Service allocates funding to the areas through cooperative agreements. These funds are considered to be "seed" money to assist each area in becoming sufficiently established to develop partnerships with state and local governments, businesses, and other nonfederal organizations as their principal funding sources. Heritage areas also receive funds from other federal agencies through a variety of programs, primarily the Department of Transportation for road and infrastructure improvements.

In this context, my testimony today focuses on the results of our work on national heritage areas conducted at the request of this Committee.

[1]Although no heritage area program exists within the Park Service, the Congress has provided the Park Service an annual appropriation for administering its heritage area activities. The agency has allocated these amounts to fund a national coordinator position in the Park Service's headquarters, which directs and monitors the agency's heritage area activities.

Specifically, it addresses the (1) process for identifying and designating national heritage areas, (2) amount of federal funding provided to support these areas, (3) process for overseeing and holding national heritage areas accountable for their use of federal funds, and (4) extent to which, if at all, these areas have affected private property rights.

To address these issues, we obtained information on the Park Service's heritage area activities from the Heritage Area national coordinator and program managers in the four Park Service regions that include heritage areas. We also obtained funding information from 22 of the 24 existing areas for fiscal years 1997 through 2002, and discussed this information with the executive directors and staff of each area.[2] In addition, we visited 8 of the 24 heritage areas to view their operations and accomplishments, and discussed various issues with their executive directors. Finally, we discussed concerns about private property rights with representatives of several organizations advocating property rights. We conducted our work between May 2003 and March 2004 in accordance with generally accepted government auditing standards. A more complete description of our methodology is included in app. I.

Summary

In summary, we found the following:

- No systematic process exists for identifying qualified candidate sites and designating them as national heritage areas. While the Congress generally has made designation decisions with the advice of the Park Service, it has, in some instances, designated heritage areas before the agency has fully evaluated them. In this regard, the Congress designated 10 of the 24 heritage areas without a thorough Park Service review of their qualifications; in 6 of these 10 cases, the agency recommended deferring action. Furthermore, even when the Park Service fully studied prospective sites' qualifications as heritage areas, it found that few of these were unsuitable. The Park Service's criteria are not specific. For example, one criterion states that a proposed area should reflect "traditions, customs, beliefs, and folk life that are a valuable part of the national story." Using these criteria, the agency has determined that relatively few of the sites it has evaluated would not qualify as heritage areas.

[2]As of mid-March 2004, two heritage areas had not provided us with funding data.

- According to data from 22 of the 24 heritage areas, in fiscal years 1997 through 2002, the areas received about $310 million in total funding. Of this total, about $154 million came from state and local governments and private sources and another $156 million came from the federal government. About $51 million of the federal total was dedicated heritage area funds provided through the Park Service. An additional $44 million came from other Park Service programs and about $61 million from 11 other federal sources. Generally, each area's designating legislation specifies the total amount of federal funds that will be provided and imposes certain conditions, such as matching requirements and sunset provisions, to limit the amount of federal funds for each heritage area. However, the sunset provisions have not been effective in limiting federal funding: since 1984, five areas that reached their sunset dates received funding reauthorization from the Congress.

- In the absence of a formal program, the Park Service oversees heritage areas' activities by monitoring the implementation of the terms set forth in the cooperative agreements. These terms, however, do not include several key management controls. Although the Park Service has primary federal responsibility for heritage areas, the agency does not always review data that it obtains from the areas on their sources and expenditures of all federal funds. As a result, the agency cannot determine how much federal funds have been provided to the areas or whether these funds are being spent appropriately. Furthermore, the Park Service has not yet developed clear and consistent standards and processes for reviewing areas' management plans, even though this review is one of the agency's primary heritage area responsibilities. As a result, staff in each Park Service region use different approaches to review and approve areas' plans. Finally, the Park Service has not yet developed results-oriented performance goals and measures—consistent with the requirements of the Government Performance and Results Act—for the agency's heritage area activities, or required the areas to adopt a similar results-oriented management approach. Such an approach would help ensure the efficiency and effectiveness of the agency's heritage area activities and enable both the areas and the agency to determine what is being accomplished with federal funds. According to Park Service officials, the agency has not taken these actions because, without a formal program, it does not have the direction or funding it needs to effectively carry out its national heritage area activities.

- National heritage areas do not appear to have directly affected the rights of property owners. To address property concerns, the designating legislation of 13 of the 24 heritage areas and management plans of at least 6 provide explicit assurances that the areas will not affect property

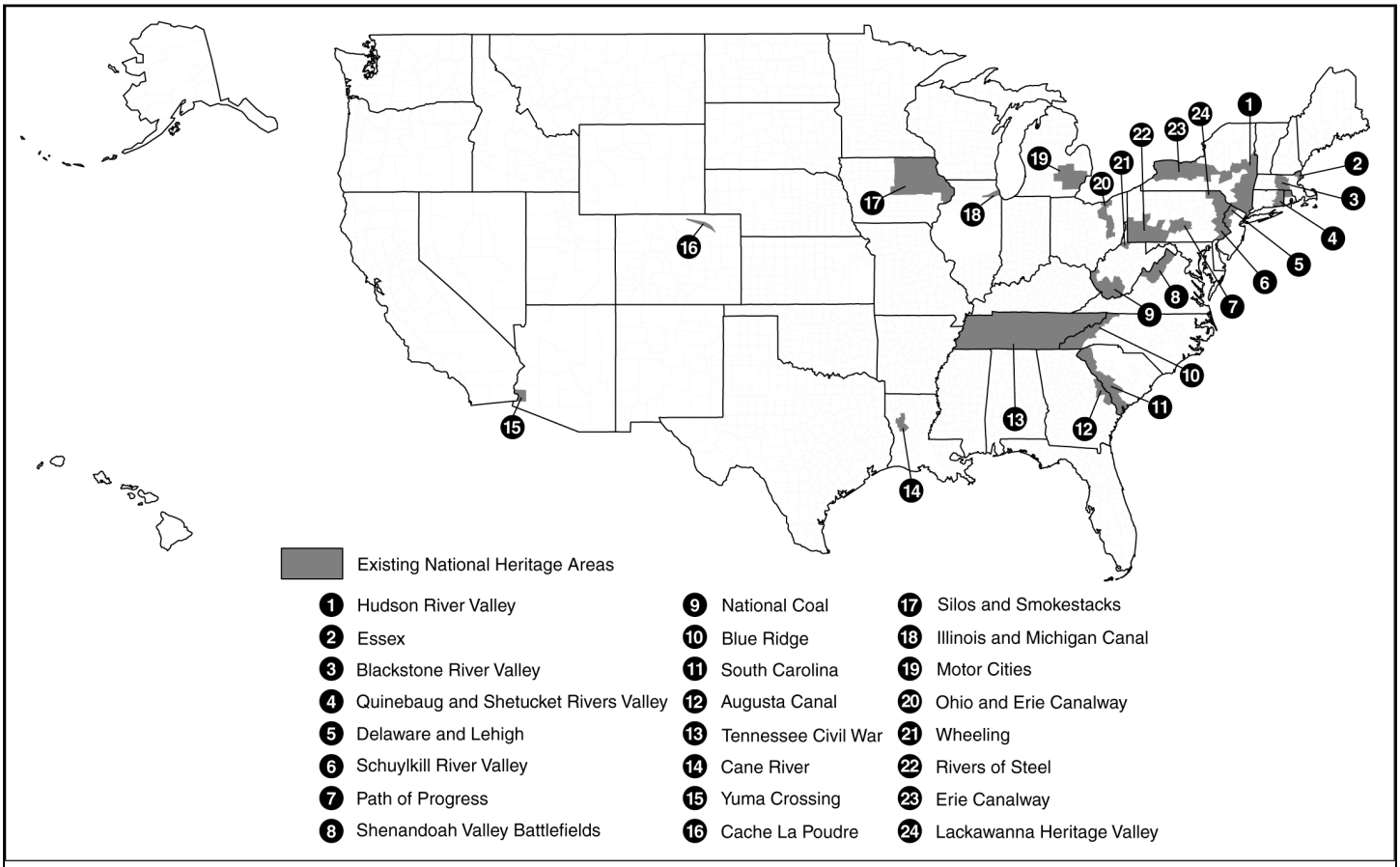
owners' rights. However, some management plans encourage local governments to implement land use policies that are consistent with the heritage areas' plans and offer to aid their planning activities through matching grants. Property rights advocates fear that such provisions may allow heritage areas to indirectly influence zoning and land use planning in ways that could restrict owners' use of their property. Nevertheless, heritage area officials, Park Service headquarters and regional staff, and representatives of national property rights groups who we contacted were unable to provide us with any examples of a heritage area directly affecting—positively or negatively—private property use.

To improve the heritage area designation process and the Park Service's oversight of areas' use of federal funds, we are recommending that the agency (1) develop consistent standards and processes for reviewing areas' management plans; (2) require regions to review areas' financial audit reports, and (3) develop results-oriented goals and measures for the agency's activities and require areas to adopt a similar approach.

Background

To date, the Congress has designated 24 national heritage areas, primarily in the eastern half of the country (see fig. 1).

Figure 1: Locations of 24 Existing National Heritage Areas, as of March 2004



Source: National Park Service.

Generally, national heritage areas focus on local efforts to preserve and interpret the role that certain sites, events, and resources have played in local history and their significance in the broader national context. For example, the Rivers of Steel Heritage Area commemorates the contribution of southwestern Pennsylvania to the development of the nation's steel industry by providing visitors with interpretive tours of historic sites and other activities. Heritage areas share many similarities—such as recreational resources and historic sites—with national parks and other park system units but lack the stature and national significance to qualify them as these units.

The process of becoming a national heritage area usually begins when local residents, businesses, and governments ask the Park Service, within

the Department of the Interior, or the Congress for help in preserving their local heritage and resources. In response, although the Park Service has no program governing these activities, the agency provides technical assistance, such as conducting or reviewing studies to determine an area's eligibility for heritage area status. The Congress then may designate the site as a national heritage area and set up a management entity for it. This entity could be a state or local governmental agency, an independent federal commission, or a private nonprofit corporation. Usually within 3 years of designation, the area is required to develop a management plan, which is to detail, among other things, the area's goals and its plans for achieving those goals. The Park Service then reviews these plans, which must be approved by the Secretary of the Interior.

After the Congress designates a heritage area, the Park Service enters into a cooperative agreement with the area's management entity to assist the local community in organizing and planning the area. Each area can receive funding through the Park Service's budget—generally limited to not more than $1 million a year for 10 or 15 years. The agency allocates the funds to the area through the cooperative agreement.

No Systematic Process Exists for Identifying and Designating National Heritage Areas

No systematic process is in place to identify qualified candidate sites and designate them as national heritage areas. In this regard, the Park Service conducts studies—or reviews studies prepared by local communities—to evaluate the qualifications of sites proposed for national heritage designation. On the basis of these studies, the agency advises the Congress as to whether a particular location warrants designation. The agency usually provides its advice to the Congress by testifying in hearings on bills to authorize a particular heritage area. The Park Services' studies of prospective sites' suitability help the agency ensure that the basic components necessary to a successful heritage area—such as natural and cultural resources and community support—are either already in place or are planned. Park Service data show that the agency conducted or reviewed some type of study addressing the qualifications of all 24 heritage areas. However, in some cases, these studies were limited in scope so that questions concerning the merits of the location persisted after the studies were completed. As a result, the Congress designated 10 of the 24 areas with only a limited evaluation of their suitability as heritage areas. Of these 10 areas, the Park Service opposed or suggested that the Congress defer action on 6, primarily because of continuing questions about, among other issues, whether the areas had adequately identified goals or management entities or demonstrated community support. Furthermore, of the 14 areas that were designated after a full evaluation,

the Congress designated 8 consistent with the Park Service's recommendations, 5 without the agency's advice, and 1 after the agency had recommended that action be deferred.

Furthermore, the criteria the Park Service uses to evaluate the suitability of prospective heritage areas are not specific and, in using them, the agency has determined that a large portion of the sites studied qualify as heritage areas. According to the Heritage Area national coordinator, before the early 1990s, the Park Service used an ad hoc approach to determining sites' eligibility as heritage areas, with little in the way of objective criteria as a guide. Since then, however, the Park Service developed general guidelines to use in evaluating and advising the Congress on the suitability of sites as heritage areas. Based on these guidelines, in 1999, the agency developed a more formal approach to evaluating sites. This approach consisted of four actions that the agency believed were critical before a site could be designated as well as 10 criteria to be considered when conducting studies to assess an area's suitability.

The four critical steps include the following:

- complete a suitability/feasibility study;
- involve the public in the suitability/feasibility study;
- demonstrate widespread public support for the proposed designation; and
- demonstrate commitment to the proposal from governments, industry, and private, nonprofit organizations.

A suitability/feasibility study, should examine a proposed area using the following criteria:

- The area has natural, historic, or cultural resources that represent distinctive aspects of American heritage worthy of recognition, conservation, interpretation, and continuing use, and are best managed through partnerships among public and private entities, and by combining diverse and sometimes noncontiguous resources and active communities;
- The area's traditions, customs, beliefs, and folk life are a valuable part of the national story;

- The area provides outstanding opportunities to conserve natural, cultural, historic, and/or scenic features;
- The area provides outstanding recreational and educational opportunities;
- Resources that are important to the identified themes of the area retain a degree of integrity capable of supporting interpretation;
- Residents, businesses, nonprofit organizations, and governments within the area that are involved in the planning have developed a conceptual financial plan that outlines the roles for all participants, including the federal government, and have demonstrated support for designation of the area;
- The proposed management entity and units of government supporting the designation are willing to commit to working in partnership to develop the area;
- The proposal is consistent with continued economic activity in the area;
- A conceptual boundary map is supported by the public; and
- The management entity proposed to plan and implement the project is described.

These criteria are broad and subject to multiple interpretations, as noted by an official in the agency's Midwest region charged with applying these criteria to prospective areas. Similarly, according to officials in the agency's Northeast region, they believe that the criteria were developed to be inclusive and that they are inadequate for screening purposes. The national coordinator believes, however, that the criteria are valuable but that the regions need additional guidance to apply them more consistently. The Park Service has developed draft guidance for applying these criteria but has no plans to issue them as final guidance. Rather, the agency is incorporating this guidance into a legislative proposal for a formal heritage area program. According to the national coordinator, some regions have used this guidance despite its draft status, but it has not been widely adopted or used to date.

The Park Service's application of these broad criteria has identified a large number of potential heritage areas. Since 1989, the Park Service has determined that many of the candidate sites it has evaluated would qualify as national heritage areas.

National Heritage Areas Annually Receive Millions in Federal Funding

According to data from 22 of the 24 heritage areas, about half of their total funding of $310 million in fiscal years 1997 through 2002 came from the federal government and the other half from state and local governments and private sources. Table 1 shows the areas' funding sources from fiscal years 1997 through 2002.

Table 1: National Heritage Area Funding from All Sources, Fiscal Years 1997-2002

Source	Amount	Percentage
Total Park Service funds	**$95,393,506**	**30.8**
Dedicated heritage area funds[a]	50,922,562	16.5
Other Park Service support funds[b]	44,470,944	14.3
Total other federal funds	**$60,545,816**	**19.5**
Department of Transportation	55,852,269	18.0
Department of Education	2,000,000	0.6
Department of Agriculture	547,009	0.2
Housing and Urban Development	420,183	0.1
Environmental Protection Agency	400,000	0.1
Army Corps of Engineers	266,000	0.1
Department of Commerce	96,555	0.0
National Railroad Passenger Corporation	23,800	0.0
National Endowment for the Arts	5,000	0.0
Federal earmarks and awardsc	935,000	0.3
Total nonfederal funds	**$154,078,203**	**49.7**
State governments	61,404,323	19.8
Local governments	46,612,624	15.0
Nonprofit organizations	7,255,416	2.3
Private foundations	14,515,996	4.7
Corporate sponsors	2,126,870	0.7
Other nonfederal funding sources	22,163,473	7.2
Total	**$310,017,525**	**100.0**

Source: GAO analysis of data obtained from 22 of the 24 heritage areas.

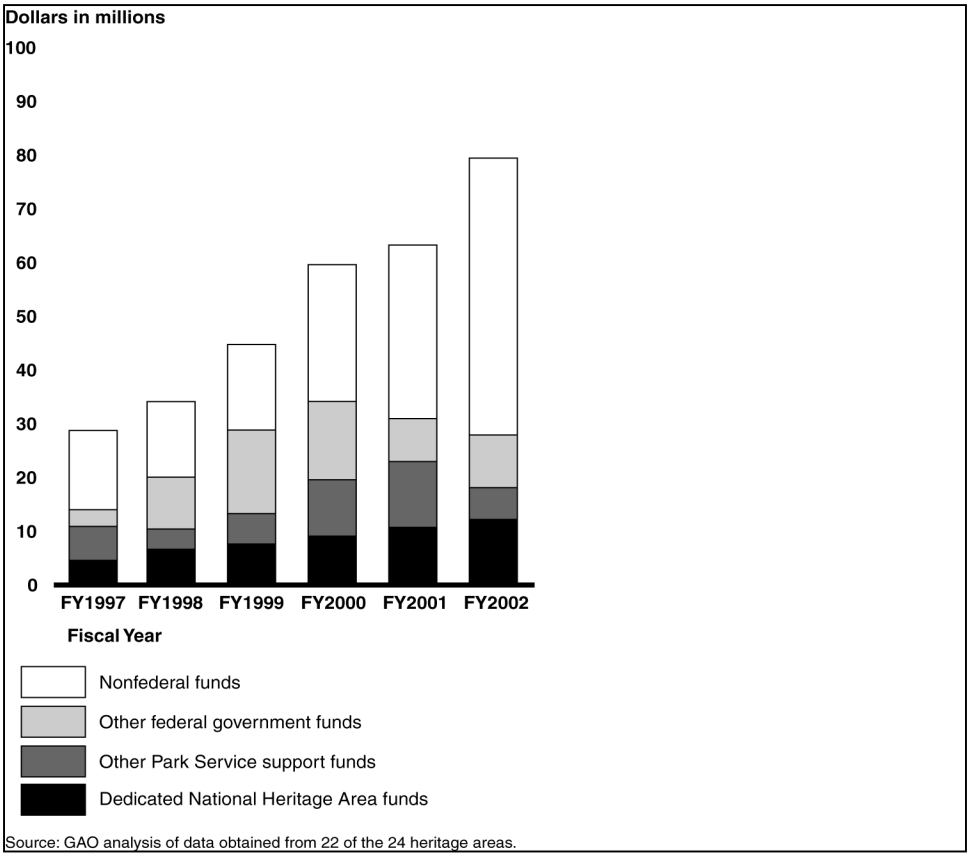
[a]These funds were provided through the Park Service's Heritage Partnership Program and Statutory and Contractual Aid budget line items. The Heritage Partnership Program promotes the conservation of natural, historic, scenic, and cultural resources. Statutory and Contractual Aid provides financial assistance in the planning, development, or operation of natural, historical, cultural, or recreation areas that are not managed by the Park Service.

[b]These are funds from other Park Service budget line items—including the Land and Water Conservation Fund, Operation of the National Park Service, and the Construction Fund—that are not typically reported as part of heritage area funding, but include funding for specific projects undertaken by heritage areas.

[c]Funds earmarked for Federal Government Pass-Through Awards ($610,000) and Hugh Moore Historical Park & Museums, Inc. ($325,000).

As figure 2 shows, the federal government's total funding to these heritage areas increased from about $14 million in fiscal year 1997 to about $28 million in fiscal year 2002, peaking at over $34 million in fiscal year 2000.

Figure 2: National Heritage Areas' Funding, By Major Source, Fiscal Years 1997 – 2002



Source: GAO analysis of data obtained from 22 of the 24 heritage areas.

The Congress sets the overall level of funding for heritage areas, determining which areas will receive funding and specifying the amounts provided. Newly designated heritage areas usually receive limited federal funds while they develop their management plans and then receive increasing financial support through Park Service appropriations after their plans are established. The first heritage areas received pass-through grants from the Park Service and funding through the agency's Statutory and Contractual Aid appropriations. However, in 1998, the Congress began

appropriating funds to support heritage areas through the Heritage Partnership Program.

In addition, the Congress has placed in each area's designating legislation certain conditions on the receipt of federal funds. While the legislation designating the earliest heritage areas resulted in different funding structures, generally those created since 1996 have been authorized funding of up to $10 million over 15 years, not to exceed $1 million in any single year. In conjunction with this limit, the designating legislation attempts to identify a specific date when heritage areas no longer receive federal financial or technical assistance. Although heritage areas are ultimately expected to become self-sufficient without federal support, to date the sunset provisions have not limited federal funding. Since the first national heritage area was designated in 1984, five have reached the sunset date specified in their designating legislation. However, in each case, the sunset date was extended and the heritage area continued to receive funding from the Congress.

Finally, the areas' designating legislation typically requires the heritage areas to match the amount of federal funds they receive with a specified percentage of funds from nonfederal sources. Twenty-two of the 24 heritage areas are required to match the federal funds they receive. Of these 22 areas, 21 have a 50-percent match requirement—they must show that at least 50 percent of the funding for their projects has come from nonfederal sources—and one has a 25-percent match requirement.

The Park Service Lacks an Effective Process for Ensuring that National Heritage Areas Are Accountable for Their Use of Federal Funds

In the absence of a formal program, the Park Service oversees heritage areas' activities by monitoring the implementation of the terms set forth in the cooperative agreements. According to Park Service headquarters officials, the agency's cooperative agreements with heritage areas allow the agency to effectively oversee their activities and hold them accountable. These officials maintain that they can withhold funds from heritage areas—and have, in some circumstances, done so—if the areas are not carrying out the requirements of the cooperative agreements. However, regional managers have differing views on their authority for withholding funds from areas and the conditions under which they should do so.

Although Park Service has oversight opportunities through the cooperative agreements, it has not taken advantage of these opportunities to help to improve oversight and ensure these areas' accountability. In this regard, the agency generally oversees heritage areas' funding through

routine monitoring and oversight activities, and focuses specific attention on the areas' activities only when problems or potential concerns arise. However, the Park Service regions that manage the cooperative agreements with the heritage areas do not always review the areas' annual financial audit reports, although the agency is ultimately the federal agency responsible for heritage area projects that are financed with federal funds.[3] For example, managers in two Park Service regions told us that they regularly review heritage areas' annual audit reports, but a manager in another region said that he does not. As a result, the agency cannot determine the total amount of federal funds provided or their use. According to these managers, the inconsistencies among regions in reviewing areas' financial reports primarily result from a lack of clear guidance and the collateral nature of the Park Service regions' heritage area activities—they receive no funding for oversight, and their oversight efforts divert them from other mission-critical activities.

Furthermore, the Park Service has not yet developed clearly defined, consistent, and systematic standards and processes for regional staff to use in reviewing the adequacy of areas' management plans, although these reviews are one of the Park Service's primary heritage area responsibilities. Heritage areas' management plans are blueprints that discuss how the heritage area will be managed and operated and what goals it expects to achieve, among other issues. The Secretary of the Interior must approve the plans after Park Service review. According to the national coordinator, heritage area managers in the agency's Northeast region have developed a checklist of what they consider to be the necessary elements of a management plan to assist reviewers in evaluating the plans. While this checklist has not been officially adopted, managers in the Northeast and other regions consult it in reviewing plans, according to the national coordinator. Heritage area managers in the Park Service regions use different criteria for reviewing these plans, however. For example, managers in the regions told us that, to judge the adequacy of the plans, one region uses the specific requirements in the areas' designating

[3]Under regulations implementing the Single Audit Act, recipients spending $500,000 or more of federal funds during a fiscal year are required to have an audit conducted for that year. They are also required to (1) maintain internal controls; (2) comply with laws, regulations, contracts, and grant agreements; (3) prepare appropriate financial statements; (4) ensure that audits are properly performed and submitted when due; and (5) take corrective actions on audit findings. This act is intended to, among other things, promote sound financial management of federally funded projects administered by state and local governments and nonprofit organizations. Prior to 2003, the dollar threshold for a single audit was $300,000 or more in expenditures in a fiscal year.

legislation, another uses the designating legislation in conjunction with the Park Service's general designation criteria, and a third adapts the process used for reviewing national park management plans. While these approaches may guide the regions in determining the content of the plans, they provide little guidance in judging the adequacy of the plans for ensuring successful heritage areas.

Finally, the Park Service has not yet developed results-oriented performance goals and measures—consistent with the requirements of the Government Performance and Results Act—that would help to ensure the efficiency and effectiveness of its heritage area activities. The act requires agencies to, among other actions, set strategic and annual goals and measure their performance against these goals. Effectively measuring performance requires developing measures that demonstrate results, which, in turn, requires data. According to the national coordinator, the principal obstacles to measuring performance are the difficulty of identifying meaningful indicators of success and the lack of funding to collect the needed data. With regard to indicators, the national coordinator told us that the agency has tried to establish meaningful and measurable goals both for their activities and the heritage areas. The agency has identified a series of "output" measures of accomplishment, such as numbers of heritage areas visitors, formal and informal partners, educational programs managed, and grants awarded. However, the national coordinator acknowledged that these measures are insufficient, and the agency continues to pursue identifying alternative measures that would be more meaningful and useful. However, without clearly defined performance measures for its activities, the agency will continue to be unable to effectively gauge what it is accomplishing and whether its resources are being employed efficiently and cost-effectively.

The Park Service also has not required heritage areas to adopt a results-oriented management approach—linked to the goals set out in their management plans—which would enable both the areas and the agency to determine what is being accomplished with the funds that have been provided. In this regard, the heritage areas have not yet developed an effective, outcome-oriented method for measuring their own performance and are therefore unable to determine what benefits the heritage area—and through it, the federal funds—have provided to the local community. For example, for many heritage areas, increasing tourism is a goal, but while they may be able to measure an increase in tourism, they cannot demonstrate whether this increase is directly associated with the efforts of the heritage area. To address these issues, the Alliance of National Heritage Areas is currently working with Michigan State University to

develop a way to measure various impacts associated with a national heritage area. These impacts include, among others, the effects on tourism and local economies through jobs created and increases in tax revenues.

According to Park Service officials, the agency has not taken actions to improve oversight because, without a formal program, it does not have the direction or funding it needs to effectively administer its national heritage area activities.

National Heritage Areas Do Not Appear to Have Affected Individual Property Rights

National heritage areas do not appear to have affected private property rights, although private property rights advocates have raised a number of concerns about the potential effects of heritage areas on property owners' rights and land use. These advocates are concerned that heritage areas may be allowed to acquire or otherwise impose federal controls on nonfederal lands. However, the designating legislation and the management plans of some areas explicitly place limits on the areas' ability to affect private property rights and use. In this regard, eight areas' designating legislation stated that the federal government cannot impose zoning or land use controls on the heritage areas. Moreover, in some cases, the legislation included explicit assurances that the areas would not affect the rights of private property owners. For example, the legislation creating 13 of the 24 heritage areas stated that the area's managing entity cannot interfere with any person's rights with respect to private property or have authority over local zoning ordinances or land use planning. While management entities of heritage areas are allowed to receive or purchase real property from a willing seller, under their designating legislation, most areas are prohibited from using appropriated funds for this purpose.[4] In addition, the designating legislation for five heritage areas requires them to convey the property to an appropriate public or private land managing agency.

As a further protection of property rights, the management plans of some heritage areas deny the managing entity authority to influence zoning or land use. For example, at least six management plans state that the managing entities have no authority over local zoning laws or land use regulations. However, most of the management plans state that local governments' participation will be crucial to the success of the heritage

[4]The Shenandoah River Valley Battlefields National Historic District is the only heritage area that has received authority and appropriations to acquire land.

area and encourage local governments to implement land use policies that are consistent with the plan. Some plans offer to aid local government planning activities through information sharing or technical or financial assistance to achieve their cooperation. Property rights advocates are concerned that such provisions give heritage areas an opportunity to indirectly influence zoning and land use planning, which could restrict owners' use of their property. Some of the management plans state the need to develop strong partnerships with private landowners or recommend that management entities enter into cooperative agreements with landowners for any actions that include private property.

Despite concerns about private property rights, officials at the 24 heritage areas, Park Service headquarters and regional staff working with these areas, and representatives of six national property rights groups that we contacted were unable to provide us with a single example of a heritage area directly affecting—positively or negatively—private property values or use.

Conclusions

National heritage areas have become an established part of the nation's efforts to preserve its history and culture in local areas. The growing interest in establishing additional areas will put increasing pressure on the Park Service's resources, especially since the agency receives limited funding for the technical and administrative assistance it provides to these areas. Under these circumstances, it is important to ensure that only those sites' that are most qualified are designated as heritage areas. However, no systematic process for designating these areas exists, and the Park Service does not have well-defined criteria for assessing sites' qualifications or effective oversight of the areas' use of federal funds and adherence to their management plan. As a result, the Congress and the public cannot be assured that future sites will have the necessary resources and local support needed to be viable or that federal funds supporting them will be well spent.

Given the Park Service's resource constraints, it is important to ensure that the agency carries out its heritage area responsibilities as efficiently and effectively as possible. Park Service officials pointed to the absence of a formal program as a significant obstacle to effective management of the agency's heritage area efforts and oversight of the areas' activities. In this regard, without a program, the agency has not developed consistent standards and processes for reviewing areas' management plans, the areas' blueprints for becoming viable and self-sustaining. It also has not required regional heritage area managers to regularly and consistently review the

areas' annual financial audit reports to ensure that the Park Service—the agency with lead responsibility for these areas—has complete information on their use of funds from all federal agencies as a basis for holding them accountable. Finally, the Park Service has not defined results-oriented performance goals and measures—both for its own heritage area efforts and those of the individual areas. As a result, it is constrained in its ability to determine both the agency's and areas' accomplishments, whether the agency's resources are being employed efficiently and effectively, and if federal funds could be better utilized to accomplish its goals.

Recommendations for Executive Action

In the absence of congressional action to establish a formal heritage area program within the National Park Service or to otherwise provide direction and funding for the agency's heritage area activities, we recommend that the Secretary of the Interior direct the Park Service to take actions within its existing authority to improve the effectiveness of its heritage area activities and increase areas' accountability. These actions should include

- developing well-defined, consistent standards and processes for regional staff to use in reviewing and approving heritage areas' management plans;
- requiring regional heritage area managers to regularly and consistently review heritage areas' annual financial audit reports to ensure that the agency has a full accounting of their use of funds from all federal sources, and
- developing results-oriented performance goals and measures for the agency's heritage area activities, and requiring, in the cooperative agreements, heritage areas to adopt such a results-oriented management approach as well.

Thank you, Mr. Chairman and Members of the Committee. This concludes my prepared statement. I would be happy to respond to any questions that you or Members of the Committee may have.

Contacts and Acknowledgments

For more information on this testimony, please contact Barry T. Hill at (202) 512-3841. Individuals making key contributions to this testimony included Elizabeth Curda, Preston S. Heard, Vincent P. Price, and Barbara Timmerman.

Appendix I: Scope and Methodology

To examine the establishment, funding, and oversight of national heritage areas and their potential effect on private property rights, we (1) evaluated the process for identifying and designating national heritage areas, (2) determined the amount of federal funding provided to support these areas, (3) evaluated the process for overseeing and holding national heritage areas accountable for their use of federal funds, and (4) determined the extent to which, if at all, these areas have affected private property rights.

To address the first issue, we discussed the process for identifying and designating heritage areas with the Park Service's Heritage Area national coordinator and obtained information on how the 24 existing heritage areas were evaluated and designated. To determine the amount of federal funding provided to support these areas, we discussed funding issues and the availability of funding data with the national coordinator, the Park Service's Comptroller, and officials from the agency's Northeast, Midwest, Southeast, and Intermountain Regional Offices. We also obtained funding information from 22 of the 24 heritage areas for fiscal years 1997 through 2002, and discussed this information with the executive directors and staff of each area. As of mid-March 2004, two heritage areas had not provided us with funding data. To verify the accuracy of the data we obtained from these sources, we compared the data provided to us with data included in the heritage areas' annual audit and other reports that we obtained from the individual areas and the Park Service regions. We also discussed these data with the executive directors and other officials of the individual heritage areas and regional office officials.

To evaluate the processes for holding national heritage areas accountable for their use of federal funds, we discussed these processes with the national coordinator and regional officials, and obtained information and documents supporting their statements.

To determine the extent to which, if at all, private property rights have been affected by these areas, we discussed this issue with the national coordinator, regional officials, the Executive Director of the Alliance of National Heritage Areas—an organization that coordinates and supports heritage areas' efforts and is their collective interface with the Park Service—the executive directors of the 23 heritage areas that were established at the time of our work, and representatives of several private property rights advocacy groups and individuals, including the American Land Rights Association, the American Policy Center, the Center for Private Conservation, the Heritage Foundation, the National Wilderness Institute, and the Private Property Foundation of America. In each of these discussions, we asked the individuals if they were aware of any cases in

which a heritage area had positively or negatively affected an individual's property rights or restricted its use. None of these individuals were able to provide such an example.

In addition, we visited the Augusta Canal, Ohio and Erie Canal, Rivers of Steel, Shenandoah Valley Battlefields, South Carolina, Southwestern Pennsylvania (Path of Progress), Tennessee Civil War, and Wheeling National Heritage Areas to discuss these issues in person with the areas' officials and staff, and to view the areas' features and accomplishments first hand.

We conducted our work between May 2003 and March 2004 in accordance with generally accepted government auditing standards.

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