

To: Subcommittee on Federal Lands and Subcommittee on Oversight and

Investigations Republican Members

From: Subcommittee on Federal Lands; Aniela Butler – <u>Aniela@mail.house.gov</u>; x6-

7736; and Subcommittee on Oversight and Investigations; Michelle Lane –

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Date: Wednesday, January 10, 2024

Subject: Joint Oversight Hearing on the "National Park Service's Deferred Maintenance

Backlog: Perspectives from the Government Accountability Office and the

Inspector General"

The Subcommittees on Federal Lands and Oversight and Investigations will hold a joint oversight hearing on the "National Park Service's Deferred Maintenance Backlog: Perspectives from the Government Accountability Office and the Inspector General" on Wednesday, January 10, at 10:15 a.m. in room 1324 Longworth House Office Building.

Member offices are requested to notify Cross Thompson (<u>Cross.Thompson@mail.house.gov</u>) by 4:30 p.m. on Tuesday, January 9, if their Member intends to participate in the hearing.

I. KEY MESSAGES

- The National Park Service's growing \$22.3 billion deferred maintenance backlog restricts the agency's ability to carry out its mission to conserve our national parks, diminishes visitor experiences for the millions of Americans who enjoy those parks, and threatens to waste billions of taxpayer dollars.
- Two independent reviews conducted by the Government Accountability Office and the Department of the Interior's Office of Inspector General found serious deficiencies with the way the National Park Service tracks and monitors its deferred maintenance backlog, leading to inaccurate and unreliable estimations.
- Despite receiving billions of dollars in taxpayer money, the backlog continues to increase. Without proper oversight to ensure the agency appropriately tracks and estimates its backlog, the National Park Service will continue to fail to reduce its deferred maintenance in any meaningful manner.

II. WITNESSES

- **Mr. Cardell Johnson**, Director, Natural Resources and Environment, Government Accountability Office, Washington, D.C.
- The Honorable Mark Greenblatt, Inspector General, Department of the Interior, Washington, D.C.

III. BACKGROUND

Deferred Maintenance at the National Park Service

Overview and the Great American Outdoors Act

The National Park Service (NPS) manages 428 individual units across 85 million acres. ¹ There are many challenges facing NPS, with none more pressing than the \$22.3 billion deferred maintenance backlog. ² For decades, the Government Accountability Office (GAO) has identified deferred maintenance as a critical problem for federal land management agencies like NPS, prompting the agency to add federal real property to its "High Risk List" in 2003. ³ Unlike routine maintenance, deferred maintenance and repairs are "maintenance and repairs that were not performed when they should have been or were scheduled to be and which are put off or delayed for a future period." ⁴ A confluence of factors contributed to the growing deferred maintenance backlog, including aging infrastructure, adjustments in the methodology for calculating deferred maintenance, inflation, supply chain issues, consistently high visitation, and the acquisition of new land or creation of new units for NPS to manage. ⁵ The failure to keep up with maintenance presents risks to NPS resources, diminishes visitor enjoyment, and creates safety hazards for the public. This means that parks are often replete with crumbling trails, dilapidated visitor centers and campgrounds, leaking wastewater systems, and closed off access points or recreation sites.

As the NPS maintenance backlog continued to steadily rise through the 2010s, reaching \$12.7 billion by the end of fiscal year (FY) 2019, a growing coalition of NPS stakeholders began to push for Congress to provide a solution. Administrations of both parties argued that increased funding was vital to decrease NPS's deferred maintenance backlog, with NPS testifying before Congress that "funding will help *substantially reduce* the NPS \$11.6 billion deferred maintenance backlog." In August 2020, Congress passed the Great American Outdoors Act

¹ National Park Service, National Park System, https://www.nps.gov/aboutus/national-park-system.htm.

² National Park Service, "Budget Justifications and Performance Information, Fiscal Year 2024," p. SpecEx-1, https://www.doi.gov/sites/doi.gov/files/fy2024-nps-greenbook.pdf-508.pdf.

³ GAO's "High Risk List" identifies federal programs the agency believes are at high risk of waste, fraud, abuse, or mismanagement. GAO, "Agencies' Processes Generally Follow Leading Practices in Selecting Projects to Maintain Public Assets but Face Challenges," January 8, 2024, GAO-24-106495, P. 1.

⁴ Federal Accounting Standards Advisory Board, "Deferred Maintenance and Repairs," April 25, 2012, http://files.fasab.gov/pdffiles/original_sffas_42.pdf.

⁵ Congressional Research Service, "National Park Service Deferred Maintenance: Frequently Asked Questions", Laura B. Comay, May 13,2020, https://www.crs.gov/Reports/R44924?source=search#_Toc41640408.

⁶ Outdoor Recreation Roundtable, "It's Time for Congress to Address the Maintenance Backlog on America's Public Lands and Waterways", https://recreationroundtable.org/wp-content/uploads/2018/07/ORR DeferredMaintenance Onesheet 03.pdf.

⁷ Lena McDowall, Testimony before the Senate Energy and Natural Resources Subcommittee on National Parks, concerning

S.312, The Restore our Parks Act, July 11, 2018, https://www.doi.gov/ocl/s-3172 (emphasis added).

(GAOA). ⁸ GAOA established a new, mandatory fund known as the "National Parks and Public Land Legacy Restoration Fund" (LRF) to address the deferred maintenance needs of NPS and four other land management agencies. ⁹ The LRF is funded through 50 percent of the unobligated or "miscellaneous" revenues deposited into the U.S. Treasury from all forms of energy development (oil, gas, coal, and alternative or renewable energy), up to \$1.9 billion a year for five years (\$9.5 billion total). ¹⁰ Of the amounts deposited in the LRF each year, NPS receives a 70 percent share (\$1.33 billion). In addition to the LRF, NPS receives billions of dollars in funding to address deferred maintenance through regular appropriations and retained recreation fees. A breakdown of deferred maintenance funding is as follows: ¹¹

NPS Funding for Deferred Maintenance (\$ in thousands)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
LRF Funding	N/A	N/A	N/A	1,330,000	1,330,000
Non-LRF Funding (including discretionary appropriations and recreation fees)	1,967,330	1,860,550	1,731,560	1,701,140	2,008,380
Total	1,967,330	1,860,550	1,731,560	3,031,140	3,338,380

Recent Increases in the Backlog and Methodology Changes

Since GAOA's passage, the LRF has not only failed to reduce NPS's deferred maintenance backlog, but the backlog has *increased* by an astounding \$9.6 billion. While all five agencies that receive GAOA funding have seen increases in deferred maintenance, no agency's backlog has increased at the scale of the NPS backlog. After receiving two full years of GAOA funding totaling \$2.66 billion, NPS's backlog rose from \$12.7 billion at the end of FY 2019 to \$22.3 billion at the end of FY 2022. A breakdown of the deferred maintenance backlog is as follows: 14

⁸ Pub. L. No. 116-152, https://www.congress.gov/116/plaws/publ152/PLAW-116publ152.pdf.

⁹ Congressional Research Service, "The Great American Outdoors Act (P.L. 116-152)" Carol Hardy Vincent, Laura B. Comay, Bill Heniff Jr., December 15, 2022, https://www.crs.gov/Reports/IF11636?source=searchId.

¹⁰ Note: There is no such thing as unobligated energy receipts. Energy revenues deposited into the Treasury before the passage of GAOA were used to pay other obligations of the U.S. government. Therefore, the Congressional Budget Office (CBO) "scored" the bill as increasing the deficit by \$9.54 billion (https://www.cbo.gov/system/files/2020-07/HR1957directspending.pdf). The 5 years referenced are FY 2021-FY 2025.

¹¹ Data compiled by the Government Accountability Office utilizing DOI budget data, January 2024. FY 2023 information not yet available.

¹² DOI Deferred Maintenance and Repairs by Asset Class As Reported in the Agency Financial Report, FY 2020 and FY 2021, https://naturalresources.house.gov/uploadedfiles/doi fy2021 deferred maintenance backlog as reported in the afr and comparison to fy2020.pdf.

¹³ Despite multiple requests to NPS, data was not provided for FY 2023 deferred maintenance backlog total. DOI Deferred Maintenance and Repairs by Asset Class As Reported in the Agency Financial Report, FY 2019 and FY 2020, https://naturalresources.house.gov/uploadedfiles/doi fy2019 and fy2020 deferred maintenance backlog as reported in the af r.pdf.

r.pdf.

14 Id. "All others' captures non-industry standard assets including utility systems, dams, constructed waterways, marinas, aviation systems, railroads, ships, monuments, fortifications, towers, interpretive media and amphitheaters. Note that the work order methodology is still being used to calculate DM&R for these assets as the NPS continues to improve the data quality for this subset of the portfolio."

Asset Category	Asset Count	Deferred Maintenance & Repairs
Buildings	25,163	\$6.8 billion
Housing	3,661	\$383 million
Campgrounds	1,657	\$288 million
Trails	6,244	\$677 million
Wastewater Systems	1,767	\$804 million
Water Systems	1,578	\$1.1 billion
Paved Roads	11,961	\$5.4 billion
Unpaved Roads	5,664	\$883 million
All Others*	17,737	\$6.0 billion
Total	75,432	\$22.3 billion

In response to questions about how the backlog could increase at such an alarming rate despite billions of dollars in taxpayer funding being allocated to address this problem, NPS largely attributed this increase to changes in its methodology for calculating deferred maintenance. According to the agency, prior to FY 2019, the agency only included construction costs in its estimates of deferred maintenance. 15 The agency decided to change this methodology after a review initiated in September 2017 (known as "Project revAMP") found "data inaccuracy and inconsistency and laborious and costly processes." ¹⁶ Starting in FY 2019, cost estimates were expanded to "[align] with contemporary industry standards" and include design, compliance, and construction and project management. 17 NPS also transitioned away from calculating deferred maintenance by "using the summation of work order costs," which were inherently inconsistent and unreliable, to a more comprehensive system. ¹⁸ In its FY 2024 budget justification, NPS elaborated that this system will consist of three components: (1) Parametric condition assessments (PCA) for industry standard assets; (2) Federal Highways Administration assessments for infrastructure, such as paved roads, parking lots, bridges and tunnels; and (3) work orders for concessions-occupied assets and non-industry standard assets. 19 This methodology change was partially implemented starting in FY 2022 and is expected to be fully implemented by FY 2024 (September 30th of this year). ²⁰

It is important to note that these methodology changes and subsequent NPS explanations have created significant confusion about the true nature of NPS's backlog. For example, in 2022 the GAO said that "Interior officials explained that an \$8.8 billion increase in deferred maintenance and repairs from fiscal year 2020 through fiscal year 2021 was in part the result of the addition of design, compliance, and construction management costs to estimates at the National Park

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¹⁵ National Park Service, "Infrastructure", https://www.nps.gov/subjects/infrastructure/faqs.htm.

¹⁶ Letter from Director Sams, "NPS Response to Draft Evaluation Report - The National Park Service (NPS) Faces Challenges Managing Its Deferred Maintenance – (Report No. 2020-CR-066)", 4/6/23, https://www.doioig.gov/sites/default/files/2021-

migration/Final%20Evaluation%20Report NPS%20Deferred%20Maintenance Public.pdf.

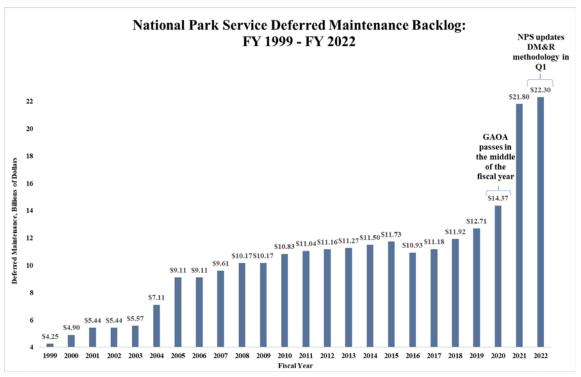
¹⁸ *Id*.

¹⁹ National Park Service, FY 2024 Budget Justification, SpecEx-1, https://www.doi.gov/sites/doi.gov/files/fy2024-nps-greenbook.pdf-508.pdf.

²⁰ Id.

Service."²¹ However, the backlog increased by \$7.43 billion between these years, leaving an unexplained \$1.4 billion gap. Adding to this confusion, this is also the year that NPS applied a blanket 35 percent markup to its estimates, which alone increased the backlog by \$3.7 billion.²² Further, while a methodology change could explain a portion of the increase in backlog, it does not explain the full extent of the backlog increase. The largest increase in the NPS backlog, from \$14.37 billion in 2020, the year GAOA was passed, to \$21.8 billion in FY 2021, occurred the year *before* the new methodology was put into place. Between FY 2021 and FY 2022, the year the agency implemented its methodology change, the backlog only increased by \$500 million. According to the Congressional Research Service:

As a result of these and other methodological changes, it is unclear what portion of the change in deferred maintenance estimates over time is due to the addition of maintenance work that was not done on time and what portion may be due to changes in methods of assessing and estimating deferred maintenance.²³



Source: House Natural Resources Committee, 2023. Information compiled from data from the Congressional Research Service and National Park Service.

²¹ GAO, "Federal Real Property: Agencies Attribute Substantial Increases in Reported Deferred Maintenance to Multiple Factors," October 28, 2022, pg. 7, https://www.gao.gov/assets/gao-23-106124.pdf.

²² Department of the Interior Office of Inspector General, "The National Park Service Faces Challenges in Managing Its Deferred Maintenance," September 2023, Report No.: 2020-CR-066, https://www.doioig.gov/sites/default/files/2021-migration/Final%20Evaluation%20Report NPS%20Deferred%20Maintenance Public.pdf.

²³ As another example of the confusion surrounding NPS's deferred maintenance estimates, the agency reported a \$21.09 billion backlog to CS, despite publicly reporting a \$22.3 billion backlog (a \$1.21 billion differential). CRS, "Deferred Maintenance of Federal Land Management Agencies: FY2013-FY2022 Estimates and Issues," August 8, 2023, R43997.

Independent Audits and Reviews of NPS's Deferred Maintenance Backlog

DOI Inspector General's September 2023 Report

In September 2023, DOI's Office of Inspector General (OIG) released a report entitled "*The National Park Service Faces Challenges in Managing Its Deferred Maintenance*." ²⁴ The OIG found serious discrepancies with NPS's reporting and tracking of deferred maintenance that "compromise the NPS' ability to achieve its mission, manage its deferred maintenance, and fulfill its responsibility to ensure the safety of visitors and NPS staff." ²⁵ In particular, the report found that NPS continues to rely on inaccurate and incomplete data for its deferred maintenance, inappropriately inflated its backlog by 35 percent without sufficient justification, and did not consistently monitor and complete critical Health, Life, and Safety (HLS) work orders. The OIG made eight recommendations to NPS to address these concerns, two of which remain open: (1) developing and implementing policies to more appropriately estimate the cost of deferred maintenance projects and (2) including more accurate estimates for all existing and future work orders. ²⁶

One of the most concerning findings of the OIG is that NPS, as previously mentioned, applied a blanket 35 percent markup to all deferred maintenance projects in 2021, increasing the total backlog by \$3.7 billion, without sufficient methodology to support this markup. This markup consisted of increases of 5 percent for compliance, 17 percent for design, 8 percent for construction management, and 5 percent for project management. The OIG reported that while this is consistent with methodology the Federal Highway Administration uses for transportation projects, NPS officials could not provide a rationale or documentation for why it was appropriate to apply this methodology to all deferred maintenance projects, including non-transportation projects. The OIG found that the DOI policy NPS did cite as justification for this "standard" markup "has no reference to a standard markup of 35 percent." The OIG found that this application may lead to further overestimations of NPS's backlog, as the 35 percent markup could be duplicative with other markups applied by the agency. Further, the OIG found that this application was inappropriate because it assumed all deferred maintenance would be completed by outside contractors, when a significant portion is completed by NPS staff at a lower cost.

The OIG report also criticized NPS's data accuracy and completeness, finding NPS's data generally "inaccurate and unreliable." NPS has historically struggled to accurately report on its deferred maintenance backlog, dating back to at least 1999. This persistent issue has raised serious concerns for the OIG, which stated:

²⁴ Department of the Interior Office of Inspector General, "The National Park Service Faces Challenges in Managing Its Deferred Maintenance," September 2023, Report No.: 2020-CR-066, https://www.doioig.gov/sites/default/files/2021-migration/Final%20Evaluation%20Report_NPS%20Deferred%20Maintenance_Public.pdf.

²⁵ *Id.* Pg. 21.

²⁶ Id. Pgs. 24-26.

²⁷ *Id.* Pg. 25.

²⁸ *Id.* Pg. 25.

²⁹ *Id.* Pg. 12.

³⁰ *Id.* Pg. 11.

Without reliable deferred maintenance data and standardized policies and procedures, the NPS is unable to effectively use its resources, including the substantial influx of GAOA funding, to manage its deferred maintenance. Further, unreliable deferred maintenance data can potentially affect external decisions ranging from policymaking to appropriations.³¹

The OIG specifically found that NPS inconsistently entered deferred maintenance work orders in its tracking system (the Facility Management Software System, or FMSS), leading to hundreds of thousands of work orders that were outdated, inaccurate, and were not being properly monitored. The OIG identified 214,000 work orders that were not correctly classified as deferred maintenance, leading overall deferred maintenance estimates to be off by \$2.6 billion. The OIG also found that NPS did not properly close out completed work orders, and identified 3,667 open deferred maintenance work orders, totaling \$364 million, that had been completed but were still being counted towards the backlog total.

Finally, the report highlighted NPS's failure to ensure the timely completion of HLS work orders, which are critical to address "immediate danger to life, health, property, or infrastructure." In a sample of 15 parks evaluated by the OIG, the report found 29 open HLS work orders that had not been completed in a timely manner, despite being of critical importance and requiring immediate action. In five instances, NPS closed buildings with mold for more than five years without addressing the underlying mold issue, leading to substantial increases in the cost of remediation. The agency attributed delays in addressing critical HLS work orders to a lack of "sufficient guidance for monitoring or verifying the ongoing status of HLS work orders." NPS acknowledged "the need for an improved oversight mechanism related to [HLS] work orders" and "the need for improved project closeout." While NPS stated they will implement reforms to this process by the end of FY 2024, the OIG found that the agency will "still be at risk of not effectively managing its deferred maintenance" if the agency, in part, does not address HLS work orders in a more timely manner.

Although NPS has begun to transition to its new methodology for tracking deferred maintenance, the OIG found that "it does not appear that this new methodology, on its own, addresses the ongoing risk that the assessments may not be updated as deferred maintenance work is completed."³⁸ The OIG found failures to appropriately monitor and track deferred maintenance at all levels of NPS, including park, regional, and Washington support offices. ³⁹ Despite NPS's new system of tracking deferred maintenance, which relies less on work orders, the agency will still need to use work orders to track deferred maintenance projects that are actually being completed on the ground. If the agency continues its failures to appropriately track these work orders, it can lead to more duplicative work orders, out of date information, and inaccurate estimates of the overall deferred maintenance backlog.

³¹ *Id.* Pg. 11.

³² *Id.* Pg. 13.

³³ *Id.* Pg. 14.

³⁴ *Id.* Pg. 18.

³⁵ *Id.* Pg. 20.

³⁶ *Id.* Pgs. 26-27.

³⁷ *Id.* Pg. 3.

³⁸ *Id.* Pgs. 11-12.

³⁹ *Id.* Pg. 14.

GAO's January 2024 Report

The GAOA required the GAO to complete a report within five years of passage of the bill to determine whether the legislation had "effectively reduced the priority deferred maintenance backlog" of federal land management agencies. ⁴⁰ That report, published on January 8, 2024, focuses on (1) changes in the amount and composition of deferred maintenance from FY 2019 to FY 2022, (2) the project selection process used by agencies, and (3) challenges the agencies faced in reducing deferred maintenance. In general, GAO found that while agencies "generally followed" the six leading practices used to select priority deferred maintenance projects, agencies like NPS still faced substantial challenges in reducing the amount of its deferred maintenance backlog. ⁴¹

In general, GAO's report found that NPS's deferred maintenance backlog increased due to a combination of methodology changes implemented in 2022, inflation, and supply chain issues. However, the report failed to mention obvious mismanagement and lack of reliable information which has led to the ever-growing deferred maintenance backlog. NPS has stated that the agency needs roughly \$1 billion to address preventative and recurring maintenance "just to keep the portfolio of assets at a steady state." However, GAO highlighted that, in the past two years, NPS has received more than \$3 billion to address its deferred maintenance, yet the backlog rose by nearly \$8 billion. While inflation and supply chain issues have also generally increased costs, the increase in the deferred maintenance backlog has also outpaced increases in inflation. For example, while the report noted that construction material costs increased by 42 percent, NPS's backlog increased by more than 75 percent. These issues are ultimately attributable to the Biden administration's own reckless spending and burdensome regulatory agenda, which has exacerbated both inflation and supply chain issues.

While GAO's report found DOI's data reliable for tracking overall trends in maintenance backlogs, the report highlighted several concerning inconsistencies in data tracking that cast doubt on the accuracy of any projections. For example, the report interviewed agency officials who stated that prior to the creation of the LRF, "there was not an emphasis on getting complete data on all deferred maintenance needs because so much of it would not be funded." Only after the passage of the GAOA was there a "cultural change toward maintaining better data on deferred maintenance." This "cultural change" has made it nearly impossible to determine the efficacy of GAOA in reducing NPS's deferred maintenance backlog as any benchmark data is likely inaccurate and incomplete. Additionally, DOI did not implement a standardized definition for deferred maintenance across all its agencies until August 2023—years after the passage of GAOA. Prior to this, "[DOI] agencies used different interpretations for the definition of deferred maintenance," leading to potential inconsistencies and erroneous reports. For example, GAO

⁴⁰ *Id*.

⁴¹ GAO, "Agencies' Processes Generally Follow Leading Practices in Selecting Projects to Maintenance Public Assets but Face Challenges," January 8, 2024, GAO-24-106495. https://www.gao.gov/assets/d24106495.pdf

⁴² *Id.* Sams Letter.

⁴³ See supra note 11.

⁴⁴ *Id.* Pg. 12.

⁴⁵ *Id.* Pg. 13.

⁴⁶ *Id.* Pg. 13.

⁴⁷ *Id.* Pg. 13.

found that the Bureau of Indian Education underreported \$300 million, or 28 percent, of its deferred maintenance. ⁴⁸ Given the findings in the OIG report, it is likely that similar erroneous estimates occurred for NPS accounts as well.

Finally, the report acknowledged that NPS seemed to follow appropriate standards when selecting priority deferred maintenance projects. The report evaluated six leading metrics to select project funding including: (1) establish clear maintenance and repair investment objectives, (2) establish performance goals and measures, (3) identify primary methods for delivering maintenance activities, (4) align real property portfolios with mission needs, (5) identify the types of risks posed by lack of timely investment, and (6) identify facilities that are mission critical. ⁴⁹ Notably, while the report found that NPS followed this criteria in selecting funding for GAOA projects, Natural Resources Republicans found last year that the agency did not use similar criteria when it transferred \$200 million to the Presidio Trust in Representative Nancy Pelosi's congressional district. During testimony before the Committee, Director Chuck Sams confirmed that the agency had not used the criteria supported by GAO and instead had transferred hundreds of millions of dollars of taxpayer money at the direction of political officials at DOI. ⁵⁰

Conclusion and Continued Republican Oversight

In conclusion, both the OIG and GAO reports highlight the serious need to continue oversight of the agency's deferred maintenance backlog. Despite billions of dollars in taxpayer funding, the backlog continues to grow exponentially. Although NPS has acknowledged its inadequate methodology and is working on changing its system, there are still outstanding concerns about the lack of transparency, monitoring, and accountability within NPS's system. Without reliable and accurate data, the agency, public, and policymakers will be unable to truly understand the scope of NPS's backlog or the resources necessary to address it. NPS must go beyond its current reforms to implement all the OIG and GAO's recommendations for managing its deferred maintenance backlog.

House Natural Resources Committee Republicans remain committed to conducting oversight and bringing accountability to NPS. Since the passage of GAOA, Committee Republicans have sent numerous oversight letters to the agency asking for a full accounting of how it is spending taxpayer resources on deferred maintenance. Despite requests from Committee Republicans, Committee Democrats failed to hold any hearings on GAOA during the 117th Congress. Oversight was restored at the beginning of the 118th Congress when Committee Republicans held a hearing with NPS Director Sams on the implementation of GAOA. Committee Republicans will continue to hold the agency accountable and bring greater transparency to this issue.

⁴⁹ *Id.* Pgs. 18-20.

⁴⁸ *Id.* Pg. 13.

⁵⁰ Letter from Chairmen Westerman and Tiffany to the Hon. Shannon A. Estenoz, April 21, 2023, https://naturalresources.house.gov/uploadedfiles/westerman_tiffany_to_estenoz.pdf.

⁵¹ Letters to Secretaries Haaland and Vilsack, accessible via the House Natural Resources Committee website: (https://naturalresources.house.gov/uploadedfiles/2022-07-

¹⁵ westerman moore fulcher bentz obernolte stauber to haaland doi vilsack udsa re follow up on legacy restoration fun d_allocations.pdf) and (https://naturalresources.house.gov/uploadedfiles/2022-05-

¹⁷ westerman et al to haaland doi vilsack usda re allocation of legacy restoration funds.pdf).