



The National Park Service

NPS Social Science Program

FY 2005 Money Generation Model Briefing Statement

Background: The Money Generation Model- Version 2 (MGM2) is a conservative peer-reviewed tool used by the NPS Social Science Program to estimate the contribution of visitor and park payroll spending to gateway economies within a 50-mile radius of parks. A good way to describe the MGM2 estimates is that they represent dollars that enter a gateway economy as a direct result of a park's presence and operation. MGM2 is managed through a partnership with Michigan State University. The analysis below estimates the economic impacts of the National Park System on gateway regions in FY 2005.

The MGM2 estimates are an important indicator of the return on the public's investment of tax dollars in the National Park System. This return is typically 400% or more.

FY 2005 Contribution of Visitor Spending

- 272.6 million recreation visits.
- \$10.4 billion in visitor spending in gateway regions.
- 211,200 jobs supported in gateway regions.
- \$3.9 billion in local wages and salaries in gateway regions.

FY 2005 Contribution of Payroll and Benefits Spending

- 23,978 NPS jobs (including administrative units, such as regional offices and centers).
- \$1.4 billion in NPS payroll and benefits (including administrative units such as regional offices and centers).
- 35,190 local jobs supported in gateway regions (including NPS jobs).
- \$1.7 billion in local wages and salaries in gateway regions (including from NPS jobs).

Combined FY 2005 Contributions

- \$11.9 billion in combined visitor spending and NPS spending on payroll and benefits.
- 246,400 local jobs supported in gateway regions (including NPS jobs).
- \$5.6 billion in local wages and salaries in gateway regions.

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Note: Visitation figures are reported by the NPS Public Use Statistics Office.

Note: Payroll and NPS jobs are reported by the NPS Accounting Operations Center.

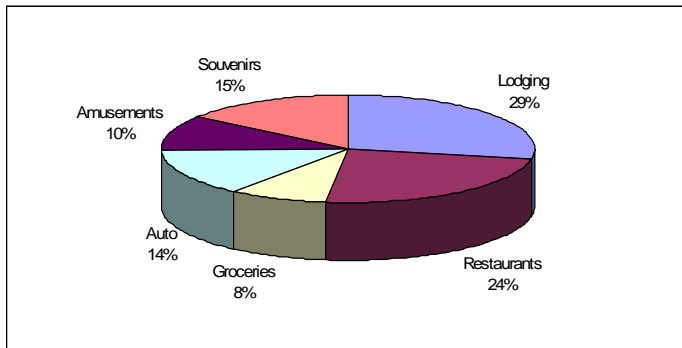
Note: Job and income effects exclude spending by local visitors. This is standard practice in economic impact analyses, because spending by local residents does not represent "new" money brought into gateway regions.

The Money Generation Model

FY 2005 Visitor Spending Patterns: Spending by park visitors in FY 2005 averaged \$37 per party per day by local visitors on day trips and \$236 per night by visitors staying in lodging inside parks. Visitor groups staying in motels, hotels, and cabins outside parks spent \$193 per night. Although this latter segment represented only 25% of visitors in FY 2005, it was responsible for 53% of visitor spending.

National Park Visitor Spending in the Local Area by Visitor Segment, 2005 Systemwide Averages (\$ per party per day/night)

	Local Day Trip	Nonlocal Day Trip	Lodge in Park	Camp in Park	Backcountry	Lodge outside Park	Camp outside Park
Avg. spending	\$37.29	\$65.62	\$236.01	\$82.78	\$63.52	\$209.18	\$91.50
% party day/nights	27%	36%	1%	3%	<1%	25%	8%
% of spending	10%	24%	3%	2%	<1%	53%	7%



Spending on lodging and restaurant meals accounted for over half of all visitor expenditures (see figure).

Visitor spending effects calculated by the MGM2 are conservative in that they exclude airfares and other trip spending beyond 50 miles of a park. Purchases of durable goods (boats, RV's) and major equipment are also excluded, since these cannot be attributed to a single park visit. Special "spending

opportunities," such as commercial rafting trips, air tours, and other special activities are not fully captured. However, the FY 2005 update does include spending on rafting trips at Grand Canyon National Park. River runners in the park produced 72,000 party nights and spent \$32 million dollars.

FY 2005 Park Payroll Patterns: In FY 2005, the NPS employed almost 24,000 people, with a payroll of \$1.125 billion and \$290 million in payroll benefits. This included administrative units, such as regional offices, as well as parks. The local economic impacts of NPS payrolls were \$1.7 billion in personal income and over 35,000 jobs. For every two NPS jobs, another job was supported through the effects of employee spending in gateway regions. As with the impacts of visitor spending, these estimates are conservative. They do not include the local economic contributions from NPS purchases of goods and services from local suppliers and from construction activity.

Comparing Visitor and Payroll Impacts: Comparing the two types of contributions, 70% of the NPS impact on personal income nationally came from visitor spending, while 30% came from payroll spending. Similarly, visitor spending accounted for 86% of the effect on jobs, while payrolls accounted for 14%. However, park payrolls played a much more important role in many day-use parks where visitor spending is often low. For example, at Monocacy National Battlefield, payroll spending accounted for 72% of that park's contribution to personal income in the gateway region and 50% of its contribution to jobs. At Women's Rights National Historical Park, the personal-income contribution from payroll spending was 86% and the job contribution 64%.