

CHAPTER 18-20

USER CHARGES

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18-20-00 PURPOSE

This chapter states **DHEW policy** and procedures for implementation of **Government-wide** policy concerning "user charges". It prescribes **development** of a uniform **system** of charges for rendering special services and for selling or leasing property to persons or non-federal organizations. It also outlines the requirements for determining the amounts **to be charged**, the disposition of receipts, and the accounting records **to be maintained**. Its provisions are based primarily on OMB Circular A-25, **September 23, 1959, as amended**.

18-20-10 POLICY

A. General

A reasonable **charge** should be **made** to **each** identifiable recipient for a measurable unit or **amount** of **Government service** or property **from which** he derives a special benefit.

B. Special Services

1. As a rule, services (or privileges)' which **provide** special benefits to identifiable recipients above and **beyond** those which accrue to the public at large **should be charged for at levels which** recover the **full cost** to the **Federal Government**. For **example**, a special benefit will be considered to accrue and a charge **should be imposed** when a **Government-rendered service**:

- a. Enables the **beneficiary** to obtain **more immediate** or substantial gains or values (which **may** or may not be measurable **in monetary** terms) than those which accrue to the general public (e.g., receiving a patent or a license to carry **on** a specific business);

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- b. Provides business stability or assures public confidence in the business activity of the beneficiary (e.g., safety inspections of aircraft): or
 - c. Is **performed** at the **request** of the recipient and is above and beyond the services regularly **received by other members of the same industry or group** or of **the** general public (e.g., receiving a passport, visa, airman's certificate, or an **inspection** after regular duty hours).
2. No **charge** should be made for **services when the identification of the ultimate beneficiary is obscure and the service can be primarily considered as benefiting broadly the general public** (e.g., licensing of new biological products).
 3. The award of grant (in cash or kind), traineeship, **fellowship**, or other authorized training does not provide special service benefits for "User Charges" purposes.

C. Lease or Sale

Where Federally owned resources or property are leased or sold, a fair **market** value should be obtained. Charges are **to** be determined by the **application** of sound business management principles, and so far as practicable and feasible in accordance with **comparable commercial practices**. **Charges need not be limited to the recovery of costs; they may produce net revenues to the Government.**

D. Exclusions and Exceptions

1. The provisions of this chapter do not apply to fringe benefits for military personnel and civilian employees, sale or disposal of surplus property under approved programs, or interest rates.
2. In general, charges **may** be waived or reduced when:
 - a. The recipient of the benefit is engaged in a **non-profit** activity designed for public safety, health, education or welfare, except in those cases in which:
 - (1) Charges are being made or are authorized on an individual basis,

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- (2) There is reasonable ground for believing that a charge would not **be contrary** to the statutory objective of the activity.
- b. The **incremental cost of** collecting the fee would be an unduly large part of the receipt **from** the activity.
- c. The furnishing of the service is an appropriate courtesy to a foreign country or international organization; or **comparable** fees are set on a reciprocal basis.
- d. Payment of the full fees by a State, **local government**, or non-profit **group would** not be in the interest of the program.
- e. Programs in which the rendering of the service fee to statutory beneficiaries is an **element** of the program objective e.g., **medical** care of merchant seam. **How-**ever, medical services are not excluded per se.

18-20-20 CHARGES AND FEESA. Establishment of Fees

Each agency shall establish fees in accordance with the policies **and procedures** stated in this chapter. Fees and rates for the recovery of full costs or fair market value of a special service will be established in advance **when** feasible. The cost of providing the service, not the value of the service to the recipient, will govern the fee level. **The** costs shall be reviewed every year and the fees adjusted, if necessary. Heads of operating agencies will be responsible for providing for the review of cost **computations** so as to assure their adequacy.

B. Determination of Costs

1. Costs shall be determined or **estimated from** the best available records **in** the agency. New cost accounting **systems** will not be established solely for this purpose. **The** cost **computations** shall cover the direct and indirect costs to the **Government** of carrying out the activity, including but not limited to:
- a. Civilian salaries or wages, personnel costs of leave and government contributions for retirement, medical **expense**, insurance, etc.,

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- b. Cost of materials, supplies, travel expense, communications, utilities, property and equipment rental, maintenance and depreciation of property and equipment,
 - c. A proportionate share of the agency's management and supervisory costs.
 - d. A proportionate share of military pay and allowances, where applicable,
 - e. The costs of enforcement, research, establishing standards, and regulation, to the extent they are determined to be properly chargeable to the activity.
2. When elements of costs are not incorporated in accounting records, e.g. accrued leave or depreciation charges, they should be recognized for the purposes of computing user charges. A reasonable fixed amount may be charged or an equitable proration established, for example by finding the percentage relationship for a representative period that the accrued leave and depreciation bear to all direct costs. This percentage would then be applied to the direct costs related to users in determining the total user charges.
 3. Charges in connection with fees for special information services will be determined in accordance with Public Information Regulation, Title 45, Subtitle A, Part 5 - Availability of Information to the Public Pursuant to PL 90-23.

18-20-30 COLLECTIONS

- A. Collection of charges and fees should usually be made in advance of rendering the service. In certain instances, it may be more practical to collect at the time of conveying the service or property to the recipient.
- B. Collections will normally be deposited into the general fund of the Treasury as Miscellaneous Receipts. However, exceptions may be made where:
 1. It is intended that a specifically identifiable part of a program or an organization administering such a program be operated on a substantially self-sustaining basis from receipts for services performed or from the sale of products or use of Government-owned resources or property,

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2. **The agency can show** that the **initiation** or increase of fees or charges is not feasible without earmarking of receipts: or
 3. **The receipts are in payment** of the cost of authorized special benefits for which the **demand** is irregular or unpredictable, such as **inspections performed** upon request outside the regular duty hours.
- C. This chapter is not intended to change the **present system of sharing** with States and counties receipts **from** the lease of certain lands and the sale of certain resources.

18-20-40 CHANGES IN EXISTING LAW

In cases where collection of fees and charges for services or property in accordance with this chapter is limited or restricted by provisions of existing law, the agencies concerned should **submit** appropriate **remedial** legislative proposals to the Office of the Secretary under the established clearance procedure.

18-20-50 ACCOUNTING AND REPORTING

A. Accounting Requirement

Each agency's Financial Management Officers will maintain records for each fiscal year on:

1. All changes in costs or charges for services or property covered by this directive, as **well** as for the **establishment of new user charges based upon the** annual review.
2. Total collection of user charges during the fiscal year, furnishing the total **amount deposited** and credited to Miscellaneous **Receipts** of the Treasury and to each appropriation and fund account.
3. A **complete** inventory of all user charges in effect.

B. Reporting Requirement

There is no requirement for an annual report to the Department. **Information** required by the preceding paragraph will **be maintained by** the agency to support the review process and for special studies.

- A. A separate form will be **prepared** for each of the following categories, where applicable:
1. Special services for which existing charges are producing full cost recovery; and lease or sale activities which are **returning** fair market value.
 2. Special services for which existing charges are producing less than **full** cost recovery; and lease or sale activities for **which** less than fair market value is being obtained.
 3. Special services and activities for which no charges are currently being made, and for which charges are apparently required.
 4. **Special** services and activities for which no charges are to be made in accordance with the policy guidelines and exceptions provided.
 5. Services and activities which have been discontinued or **transferred** to other agencies since the previous report (not applicable to the initial report).
- B. The **category** of items covered by each form will be identified in the heading by placing an "X" in the box corresponding with the number of the category as shown above. **Forms** need not be submitted for categories in which there is nothing to be reported. Enter the full title of the **DHEW** in the box on the form labeled "**Agency.**" Enter the **full** title of the operating agency **under** "Bureau."
- C. Columns on the form will be **completed** as follows:
1. Enter the number used in previous reports. **For new activities** assign a number within the scheme developed **for previous reports.**
 2. List each special service provided under a heading "**Special Services**" and each lease or sale activity under a heading, "**Lease** or Sale."
 3. Enter the unit for measuring the service or property provided.
 4. **Enter** the amount of the charge being made for each unit as of the preceding June 30. **In** cases where there are various rates for differing situations, a **summary** schedule of rates may be **attached in lieu of listing each rate individually.**
 5. Enter the date the charge **shown** in **Column 4** became effective.

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6. Enter the **amount** of the charge which was made previous to the date in Column 5.
7. Enter the number of **units** of activity for the last completed fiscal year.
8. **Enter** (in thousands of dollars) the cost of providing the **service** or the fair market value of resources or property sold or leased.
9. Enter (in thousands of dollars) the **amount** of collections (net of refunds) during the last completed fiscal year.
10. Enter the **symbol** of the receipt account, appropriation account, or **fund** account (excluding deposit funds) to which collections were or will be credited.
11. Enter any pertinent explanatory comments relating to the information shown in the preceding columns. On reports covering categories 2, 3, and 4, specifically note in this **column**, for each item, the reason that full cost recovery or fair market **value** for lease and sale activities is not obtained for services. Also indicate whether **full** cost recovery for special services or fair **market** value for lease **and** sale activities can be obtained under existing law; the status of specific legislative proposals (e.g., under study, drafted, cleared, introduced, or reported); and the status of proposed administrative changes in fees and charges, **including** effective dates. On reports subsequent to the initial report, indicate in this column the previous category in which **the item was** reported. On reports covering category 5, identify the services and activities transferred to other agencies or organizational units and the agency or organizational unit to which the transfer was made.

D. Where SF-4 May Be Obtained

SF-4 will be stocked by the GSA and should be procured by each **organiza-**
tion through its normal supply channels.

