

# GAO Highlights

Highlights of [GAO-15-718](#), a report to congressional addressees

## Why GAO Did This Study

Regulatory user fees are assessed on certain nonfederal entities subject to regulation in conjunction with regulatory activities. They represent a significant source of federal government revenue—some individual regulatory user fees exceed \$1 billion in annual collections—and often support agencies' regulatory missions. Well-designed regulatory user fees can help fund regulatory programs while reducing taxpayer burden.

GAO built on its prior user fee work by assessing what additional design and implementation characteristics exist specifically for regulatory user fees in terms of how these fees are: (1) set, (2) collected, (3) used, and (4) reviewed. To do so, GAO reviewed relevant literature and analyzed 10 regulatory user fees within 6 agencies—Environmental Protection Agency, Food and Drug Administration, National Credit Union Administration (NCUA), Nuclear Regulatory Commission, Office of the Comptroller of the Currency, and Securities and Exchange Commission. GAO selected these agencies based on their high amounts of fee collections and rulemaking activity and diverse fee characteristics. GAO also examined stakeholder views on these selected fees and held a multi-agency panel discussion to ensure the broad applicability of the findings.

## What GAO Recommends

GAO is not making any recommendations in this report. NCUA provided written comments agreeing with GAO's findings. NCUA and three other agencies also provided technical comments, which were incorporated as appropriate.

View [GAO-15-718](#). For more information, contact Michelle Sager at (202) 512-6806 or [sagem@gao.gov](mailto:sagem@gao.gov).

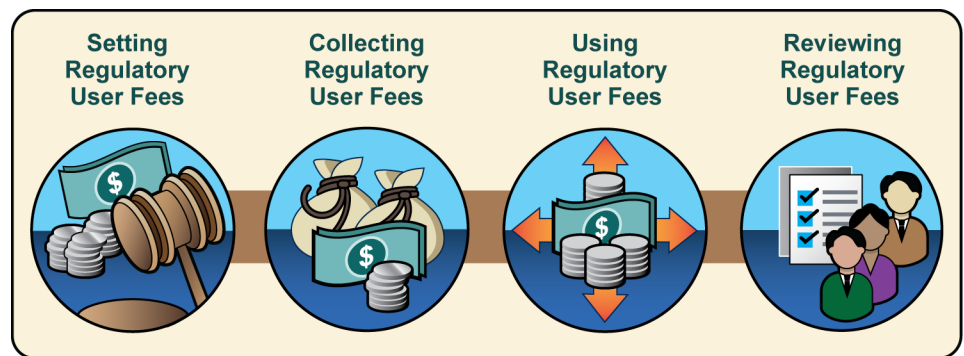
September 2015

## FEDERAL USER FEES

### Key Considerations for Designing and Implementing Regulatory Fees

## What GAO Found

GAO identified key elements of regulatory user fees for decision makers to consider as they design, implement, and evaluate these fees.



Source: GAO. | GAO-15-718

**Setting regulatory user fees:** Congress determines in statute the degree of flexibility to make fee design and implementation decisions that will be retained or delegated to the agency. This has implications for whether agencies issue regulations to set fees, who will determine the level of regulatory activity, and how costs will be allocated among beneficiaries. In setting fees, agencies typically give special consideration to small businesses' ability to pay.

**Collecting regulatory user fees:** Regulatory user fees are not always collected at the time of a specific service or transaction. While some regulatory user fees are charged for specific services, many are collected from an entire industry at regular intervals as prescribed by statute or regulation. Collecting fees this way can create a stable revenue stream. Agencies may use different methods to ensure collection of fees because they cannot always withhold services until the fee is paid.

**Using regulatory user fees:** It is important to consider the availability of fee collections and unobligated balances. In some cases, agencies have the authority to use balances to mitigate revenue instability. In other cases, collected fees are only available to the agencies if Congress appropriates them.

**Reviewing regulatory user fees:** Regulatory user fee reviews provide important information for decision makers, such as identifying the effects of changes in a regulated industry. The appropriate time frames and methods for agency review will vary by individual circumstances. Regulatory programs produce both public benefits and services to fee payers, so it is important that fee review processes provide opportunities for input from stakeholders, including fee payers and the general public. Agencies can promote transparency by providing information on how fees are calculated and used to address the diverse needs of policymakers, stakeholders, and the general public. Decision makers can help mitigate the appearance that fee-payers have undue influence on regulatory outcomes through appropriate stakeholder involvement and dissemination of information.