

Cheat Sheet: Allocating Funding Between General Funds and User Fees

Ten Steps for Allocating Costs

- 1. Identify the Beneficiaries
- 2. Evaluate the Benefits
- 3. Use the Beneficiary-Pays Principle
- 4. Consider Ability to Pay
- 5. Define the Program Costs
- 6. Assign Costs to Users
- 7. Adjust Over Time
- 8. Set up a Maintenance of Effort Requirement
- 9. Transparency
- 10. Constant Evaluation

Questions to Consider in Each Stage

Setting User Fees



- Who benefits from the program?
- What mechanisms help ensure the fee will cover the intended share of costs over time?
- How should program costs be determined and assigned?
 - How much does the program cost?
 - How should program costs be divided among users?

Reviewing User Fees



- How is the fee updated?
- How often is the fee reviewed and what information is included in the review?
- What role do stakeholders play in the fee reviews?

Collecting User Fees



- At what point should the fees be collected?
- Can leveraging existing collection or compliance systems decrease administrative costs?

Using User Fees



- To what extent is agency access to fee collections limited?
- To what extent are the activities for which the agency may use fee collections limited?

Source: United States Government Accountability Office. 2008. GAO-08-386SP Federal User Fees: A Design Guide. https://www.gao.gov/assets/gao-08-386sp.pdf. Accessed January 19, 2024.

Considerations When Setting User Fees

- Determine who primarily benefits from a program
- Implement the beneficiary-pays principle
- Calculate the cost of the program
- Allocate costs across users
- Consider exemptions, waivers, and caps
- Regularly review fee arrangements
- Assess the transparency and equity of fee allocations
- Consider limits and restrictions
- Evaluate exemptions and subsidies

Considerations When Collecting User Fees

- Determining the point of collection
- Leveraging existing collections or compliance systems
- Considering prepayment systems
- Consolidating similar program fees
- Establishing compliance systems
- Reviewing the full cost of the program
- Conducting regular reviews and updates
- Considering equity
- Mitigating potential adverse effects of new fees

Considerations When Using User Fees

- Level of harbor department flexibility
- Definition of authorized uses for the fee collections
- Multiyear budget considerations
- Matching costs to collections
- Use of fee collections
- Monitoring changes

Considerations When Reviewing User Fees

- Regular review
- Fee update method
- Comprehensive review
- Transparency in reporting
- Stakeholder engagement
- Establish a clear and structured process
- Consider sunset provision
- Be wary of potential conflicts of interest

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