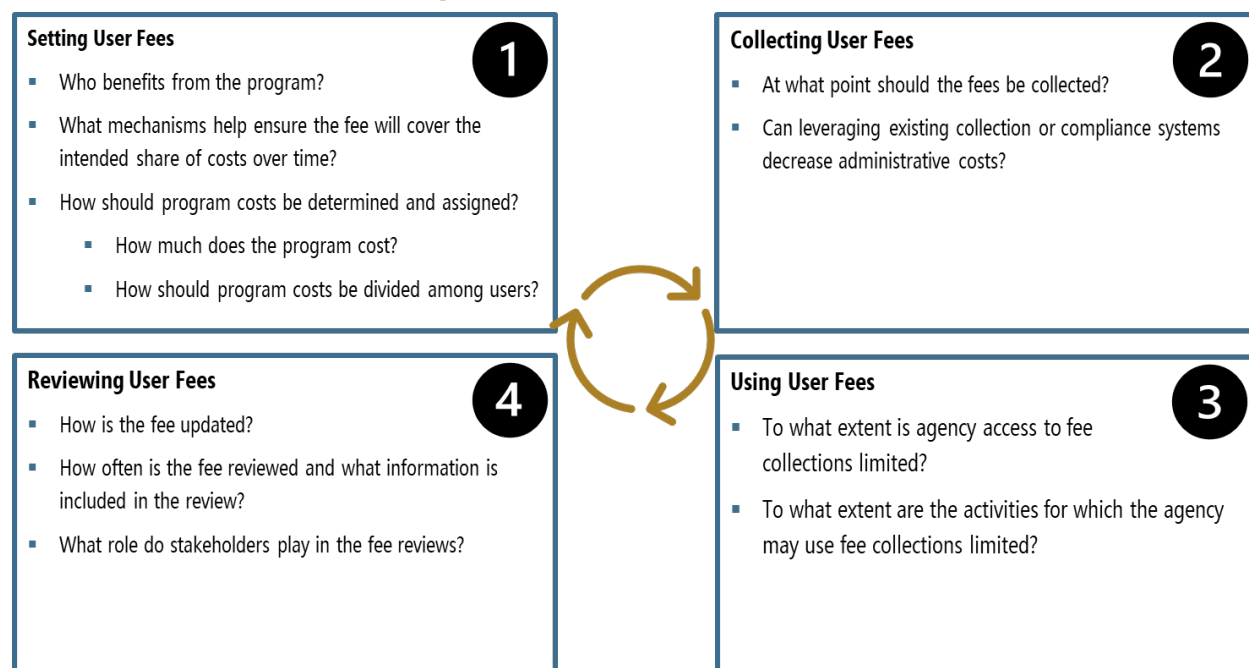


# Cheat Sheet: Allocating Funding Between General Funds and User Fees

## 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



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