

NOTICE

U.S. DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION

N 8900.484

National Policy

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9/27/18

Cancellation Date:
9/27/19

SUBJ: Revised Policy on Standardized Billing for Fees Collected Under 14 CFR
Part 187

1. Purpose of This Notice. This notice revises Federal Aviation Administration (FAA) policy on charging and collecting user fees under Title 14 of the Code of Federal Regulations (14 CFR) part 187 appendix A. This includes services for which to charge and not charge based on location, billable events, fee billing, tracking, and processing of related payments.

2. Audience. The primary audience for this notice is all Flight Standards Service (FS) aviation safety inspectors (ASI) and personnel that are required to collect charges for services and approvals performed outside the United States and that are billable under the provisions of part 187 appendix A.

3. Where You Can Find This Notice. You can find this notice on the MyFAA employee website at https://employees.faa.gov/tools_resources/orders_notices. Inspectors can access this notice through the Flight Standards Information Management System (FSIMS) at <http://fsims.avs.faa.gov>. Operators can find this notice on the FAA's website at <http://fsims.faa.gov>. This notice is available to the public at http://www.faa.gov/regulations_policies/orders_notices.

4. What This Policy Supersedes. This policy supersedes the guidance found in FAA Order 8900.1, Volume 12, Chapter 13, Section 1, General Policy Guidance, and Section 2, Instructions for Flight Standards Service Offices, on standardized billing for fees collected under part 187.

5. Background and Policy.

a. Background. The FAA is authorized to charge user fees for airman and air agency services "provided to any entity obtaining services outside the United States." The authority for charging user fees is based on statutory language contained in Title 49 of the United States Code (49 U.S.C.) § 45301. Specific user fees allowed to be charged are specified in part 187 appendix A and Advisory Circular (AC) 187-1, Flight Standards Service Schedule of Charges Outside the United States. Any new user fees must first be approved by Congress and then established through the rulemaking process.

b. Policy. The following policy guidance and information will be referenced and used when applying part 187 fees and billing for services and approvals performed outside the United States.

6. Determination of Chargeable Service.

a. Categories. Chargeable services are identified in AC 187-1, Appendix 1, Schedule of Services, Flight Standards Service, Schedule of Charges Outside the United States, and categorized as one of the three following services:

- (1) Airman certification and designee certification and services (fixed charges),
- (2) Air agencies (hourly charges), and
- (3) Transportation and subsistence charges.

b. Fixed Charges. Fixed charges are for services provided to either airmen or designee certification when those services are conducted outside of the United States. These charges are prescribed in part 187.

(1) **Assess Each Authorization.** Charges for airmen or designees should be collected for each authorization conducted. If there are multiple authorizations conducted in a single service, all of the charges should be applied. For example, an airman is given the authorization to take the test for the Airframe and Powerplant (A&P) certificates, the airman should pay the fee for each of the authorizations (General, Airframe, and Powerplant) requested.

(2) **Transportation and Subsistence.** If transportation and subsistence were incurred to provide this service, those actual costs should be collected.

(3) **Proportional Transportation and Subsistence.** Proportional transportation and subsistence are collected when services are rendered to multiple airmen, designees, and/or air agencies on the same trip.

(4) **When Proportional Transportation and Subsistence Cannot be Collected in Advance.** When proportional transportation and subsistence charges cannot be collected in advance because the number of applicants is unknown, ASIs should:

- (a) Charge the appropriate fixed fee charges for services to be rendered, and
- (b) Notify all parties that they will be billed for related transportation and subsistence expenses upon return to the office.

(5) **When Fees are Not Paid.** When to issue the certificate or approval, or other action:

- (a) Do not issue the certificate or approval until the FS office has collected all fees.
- (b) The FS office should advise the holders of existing certificates in writing that certificate action may be taken if the required fees are not paid.

(c) The FS office should establish office policy regarding timeframes and procedures for fee payments in compliance with national policy. The FS office should be familiar with local mail and electronic transaction timeframes.

c. Hourly Charges. Assess hourly rates to air agencies for services provided in relation to certifications/inspections for each ASI work/travel hour.

(1) All Transportation and Subsistence. Charge all transportation and subsistence costs to agencies in association with certification/inspection and renewal of their certificates.

(2) Proportional Transportation and Subsistence. Proportional transportation and subsistence costs are collected when services are rendered to multiple airmen and/or air agencies when services provided to them were completed on the same travel itinerary.

d. Transportation and Subsistence—Proportional Charges.

(1) Proportional charges for transportation and subsistence will be divided between each of the airmen, designees, and air agencies visited in a single itinerary.

(a) Divide charges for lodging and meals and incidental expenses (M&IE) by the number of inspector hours spent with each air agency.

(b) Charges for transportation, lodging, and M&IE will be divided proportionally between each airman and designee.

Note: Airmen and designees do not incur hourly charges.

(c) Other expenses (e.g., taxis, automated teller machines (ATM), toll, international fees) associated with the subject travel will be divided equally by the number of agencies or airmen/designees visited.

(2) Calculate proportional charges using the Single-Trip, Multiple-Agency On-Site Cost Worksheet found on the International Program Division's "Part 187 Appendix A Billing Activities" SharePoint site: <https://avssp.faa.gov/avs/afs50/187billing/SitePages/Home.aspx>.

e. Airmen Certification Services—When to Charge a Fee. The statutory authority indicated in subparagraph 5a for charging fees under part 187 allows FS to charge a fee for airman certification services. This is dependent on the physical location of the customer at the time of receipt of the FAA service and the physical location where the FS employee performs the work (service).

(1) The following are situations when the FAA may charge a user fee:

(a) For airman certification activities, including authorizations to take a test, when performed outside the United States.

(b) For renewal, and other inspections required to support a certificate of designation when the inspection is performed outside the United States. This would include designee

surveillance performed outside the United States under a geographic expansion authorization issued to the designee.

Note: The initial designation will occur in the United States by the FS Regulatory Support Division.

(c) For initial, renewal, or other inspections required to support an Air Agency Certificate located outside the United States.

(d) For desk work required to support an Air Agency Certificate located outside the United States. For example, travel preparation, certificate holder data review, writing correspondences, corrective action review, preparation of certificate renewal package, etc., may be charged.

Note: Billable activities when conducting services exclude administrative tasks not directly related to certificate management, such as data entries into an FAA database (e.g., Safety Assurance System (SAS) or Program Tracking and Reporting Subsystem (PTRS)), regulatory and policy review.

(e) For transportation and subsistence when outside the United States, including leaving from a domestic location, to perform the services listed in AC 187-1.

(2) The FAA may not charge a user fee for services physically performed in a domestic-based FAA office, such as:

- Approvals of designee work,
- Issuance of special purpose authorizations,
- Issuance of airman certificates based on a foreign license or certificate, or
- Authorizations to take a test for an airman certificate.

7. Examples of Chargeable Services.

a. One-Time Airman Services.

(1) Charges Permitted. Charges are permitted for one-time airman services if the airman is located outside the United States when:

- (a) Receiving the FAA service, and
- (b) The FAA ASI performs the service at a location outside the United States.

(2) Charges Not Permitted. Charges are not permitted for one-time airman services for persons residing outside the United States when:

(a) An individual residing outside the United States visits an FAA domestic office to receive a service, or

(b) An individual residing outside the United States mails paperwork that requires FAA review and approval under the guidelines found in AC 187-1 to an FAA domestic office.

b. Air Agency Certificate Support. Charges are permitted for certificate support of certificates held by air agencies located outside the United States, regardless of the home office location of the FAA ASI. This includes:

- (1) Onsite initial or renewal inspections, and
- (2) Desk work performed at the office in support of the certificate.

c. Designee Support. “Designated Representatives of the Administrator” are those designees identified in AC 187-1, Appendix 1, as revised.

(1) Initial designation of a designee located outside the United States will occur in the United States by the Regulatory Support Division, and therefore no initial charge is required.

(2) Renewal of a designee located outside the United States that requires an onsite inspection by the office holding the designation would incur a user fee for the renewal, transportation, and substance charges per AC 187-1, Appendix 1.

(3) Renewal of a designee located outside the United States that does not require an onsite inspection by the office holding the designation will not incur a user fee, and therefore the schedule of renewal charges in AC 187-1, Appendix 1 will not apply.

Note: For example, completing the renewal in the domestic office does not require a fee. This includes renewal packages that are mailed to the domestic office, or an onsite renewal inspection at a domestic facility.

(4) Inspections conducted outside the United States require fees per AC 187-1, Appendix 1, which states “transportation and subsistence will be assessed to applicants in addition to the charge published below for certification actions requiring travel from the duty station city.”

Note: Certification actions include conduct of onsite National Work Program Guidelines (NPG) Required Surveillance Work Activities (R-item) as required by FAA Order 1800.56, National Flight Standards Work Program Guidelines. This would include inspections of designees performing work outside the United States under a geographic expansion authorization issued to the designee, when the managing domestic office requests International Field Office (IFO) assistance. For example, if the Seattle (SEA) Flight Standards office requested the Los Angeles (LAX) IFO’s assistance in inspecting a designee’s work under a geographic expansion in Japan.

d. Transportation and Subsistence Charges. Charges are permitted for transportation and subsistence for services physically performed outside the United States.

(1) The conduct of an en route inspection when performing services outside the United States for which the FS office will collect a user fee is not permitted. ASIs are expected to purchase the appropriate ticket(s) to reach the destination of the applicant or certificate holder and include the cost of any ticket(s) and associated travel time in the bill.

(2) Although it might seem practicable from a work standpoint to conduct an en route when the opportunity is available, doing so would cause an intended subsidy by the U.S. air carrier to the certificate holder in the foreign location. It also gives the appearance of favoritism to the applicant or FAA certificate holder at a foreign location by using an en route as a means to reduce the travel cost to the certificate holder.

8. Billing. Accomplish agency billing by completing the Air Agency Master Accounting Form for the agency and providing a letter with the totals identified.

a. Airman/Designee Billing. The Airman & Designee Master Accounting Form will be used when an airman or designee is charged under part 187 appendix A. This form provides FAA management information to assess fees collected, expenditure of travel funds, and the ability to better forecast accounting needs.

Note: Additional explanations and instructions for completing the Airman & Designee Master Accounting Form can be found online at the International Program Division's "Part 187 Appendix A Billing Activities" SharePoint site: <https://avssp.faa.gov/avs/afs50/187billing/SitePages/Home.aspx>.

(1) Charges with Transportation and Subsistence.

(a) If travel was solely in support of the individual, then record all charges appropriate for the services provided and add all associated transportation and subsistence cost to the Airman & Designee Master Accounting Form.

(b) If the travel was in support of other airmen and/or agencies, see subparagraph 8c for instructions on calculating proportional costs. Once completed, proceed with the collection of charges as explained below.

(2) Collection of Charges. All fees collected from an individual or single air agency will be remitted to the servicing office by check, money order, wire transfer, or draft, payable in U.S. currency, or by credit card payable via Pay.gov in U.S. currency and drawn on a U.S. bank. An ASI will not accept payment from any entity. The appropriate Airman & Designee or Air Agency Master Accounting Form must be completed for each entity charged. Once payment is received, the servicing office will provide a receipt of funds and appropriate authorization or certificate. Invoice templates are located on the "Part 187 Appendix A Billing Activities" SharePoint site.

b. Air Agency Billing. The Air Agency Master Accounting Forms will be used when an air agency (i.e., repair station, pilot school, airmen training center, or Aviation Maintenance Technician School (AMTS)) is charged under part 187 appendix A. These forms provide FAA management information to assess fees collected, expenditure of travel funds, and the ability to better forecast accounting needs.

Note: Additional explanations and instructions for completing the Air Agency Master Accounting Form can be found online at the International Program Division's "Part 187 Appendix A Billing Activities" SharePoint site: <https://avssp.faa.gov/avs/afs50/187billing/SitePages/Home.aspx>.

(1) Offsite/Office Work.

(a) All ASI hours expended in support of certification/renewal or inspection of air agencies/entities are recorded on the "Part 187 Appendix A Billing Activities" SharePoint site's master accounting form for that agency using the Air Agency Offsite Billable Tasks Worksheet, which is accessed through the Air Agency Master Accounting Form. Each time an ASI works on any billable task for a specific agency, the time expended must be added to the Air Agency Offsite Billable Tasks Worksheet. Totals from this worksheet are imported into the Air Agency Master Accounting Form once the form is updated.

(b) Each job task requires a separate entry. All accumulated time is automatically filled to the master accounting form, ensuring accurate calculations for billing. This requirement continues throughout the billing cycle until all tasks are completed and the company is billed.

(c) Accessing the Air Agency Offsite Billable Tasks Worksheet. There are two methods for accessing the Air Agency Offsite Billable Tasks Worksheet. The preferred method is through the Air Agency Master Accounting Form (Method 1); and directly from the "Part 187 Appendix A Billing Activities" SharePoint site's navigation bar (Method 2).

Note: Additional explanations and instructions for completing the Air Agency Offsite Billable Tasks Worksheet can be found online at the International Program Division's "Part 187 Appendix A Billing Activities" SharePoint site: <https://avssp.faa.gov/avs/afs50/187billing/SitePages/Home.aspx>.

(2) Onsite Work.

(a) Upon completion of an onsite certification, renewal, or inspection, all participating ASIs will enter their billable hours and associated transportation and subsistence costs into the single-trip accounting form on the "Part 187 Appendix A Billing Activities" SharePoint site.

(b) If travel was in support of multiple individuals or agencies, then see subparagraph 8c for instructions on calculating proportional costs. Enter the calculated proportional travel and subsistence amounts into the "On-Site Billable Hours" section of the Air Agency Master Accounting Form.

(c) For single trip, single air agency, the "On-Site Billable Hours" section will be completed for each day of the inspection.

c. Multiple Sites/Individuals Visited. ASIs traveling on a single trip to multiple air agencies and/or airmen are required to enter their travel costs and time into the Single-Trip, Multiple-Agency On-Site Cost Worksheet. This form will be used when an airman or agency is charged under part 187 appendix A, and calculation of proportional billing for each agency

and/or individual inspected during the trip is necessary. These forms provide FAA management information to assess fees collected, expenditure of travel funds, and the ability to better forecast accounting needs.

Note: Additional explanations and instructions for completing the Single-Trip, Multiple-Agency On-Site Cost Worksheet can be found online at the International Program Division's "Part 187 Appendix A Billing Activities" SharePoint site: <https://avssp.faa.gov/avs/afs50/187billing/SitePages/Home.aspx>.

(1) The certification project manager (CPM) or principal inspector (PI) for a trip initiates the Single-Trip, Multiple-Agency On-Site Cost Worksheet and adds the agency designator and/or airman to that form.

(2) The accounting form is limited to four ASIs. If there are more than four ASIs traveling together in support of an agency or airman, all ASIs will complete individual Single-Trip, Multiple-Agency On-Site Cost Worksheets to calculate their respective proportional charges for those agencies or individuals visited.

(3) ASIs add associated travel costs and billable hours spent participating on the various work functions from their individual travel vouchers.

(4) Cost information from the Single-Trip, Multiple-Agency On-Site Cost Worksheet will be entered in the appropriate airman or air agency accounting form.

(5) Enter the calculated proportional travel and subsistence amounts into the "On-Site Billable Hours" section of the Airman & Designee and/or Air Agency Master Accounting Form.

9. Fee Collection.

a. Methods of Fee Collection. Per part 187, § 187.15, the certificate holder will make a payment by one of the following methods prior to the provision of any service under part 187:

- Check,
- Money order,
- Wire transfer,
- Draft, or
- Credit card.

b. Preferred Method. The preferred method of fee collection is through www.Pay.gov, which is an electronic commerce collection system managed by the U.S. Department of Treasury. All FS offices collecting user fees should use the Pay.gov system whenever possible. The use of Pay.gov allows crediting of user fee receipts to the FAA/FS operations account within a matter of days. Refer to AC 187-1 and the "Instructions for Payments" document located on the "Part 187 Appendix A Billing Activities" SharePoint site: <https://avssp.faa.gov/avs/afs50/187billing/Part%20187%20Billing%20User%20Form%20Instructions/Instructions%20for%20Payments.pdf>.

c. When to Collect Fees for Services. There are two situations that apply:

- An FAA employee is required to make a trip outside the United States to perform the service, and
- An FAA employee performs certificate support work while in the FAA office.

(1) The FS office should establish office policy regarding timeframes and procedures for fee payments. The FS office should be familiar with local mail and electronic transaction timeframes.

(2) The FS office must collect a fee prepayment deposit in the amount specified by the FAA office providing the service requiring a trip outside the United States for air agency services as follows:

(a) The hourly rate as specified in AC 187-1 for the estimated minimum number of hours in both FAA employee travel time and time spent at the facility, and

(b) The estimated minimum transportation and subsistence costs.

Note: It is not practical to collect advance fees for airman certification services, such as the flat fee for the service as identified in AC 187-1 and the estimated minimum transportation and subsistence costs.

(3) All activities associated with inspections (sometimes referred to as “surveillance” inspections) related to applicants for initial issuance or certificate holders for renewal are chargeable as part of the certification activity in accordance with part 187.

(4) Certificate support work while in the office.

(a) FAA employees should keep track of all billable time expended so the appropriate hourly ASI rate can be added to the next billing event. To do this, all ASI hours expended in support of certification/renewal or inspection of air agencies/entities are recorded on the “Part 187 Appendix A Billing Activities” SharePoint site’s master accounting form specific to that agency.

(b) Each time an individual ASI works on any billable task for a specific agency, the ASI must add the time expended to the agency’s specific Air Agency Master Accounting Form. All accumulated time autofills into the master accounting form at the bottom of the page, ensuring accurate calculations for billing. This requirement continues throughout the billing cycle until such time as the ASIs complete all tasks and the FS offices collect all fees.

(5) Transportation and subsistence costs will be those claimed on the FAA travel voucher for multiple services provided on a single trip.

10. Over and Under Prepayments and Failure to Meet Certification Requirements.

a. If the cost to complete the service is less than the amount prepaid by the applicant, the FAA would submit to the applicant a refund to cover the difference between the prepayment and

the actual charge. Since refunds require expenditure of agency resources, it is advisable for the FAA to make its prepayment estimates to the minimum amount.

b. Conversely, if the cost is greater, the applicant would be required to submit the additional charges.

c. As in the case of airman and Air Agency Certificates, the applicant would have to pay the required fees, regardless of whether an FAA certificate is issued.

11. When to Issue the Certificate or Approval, or Other Action.

a. Do not issue the certificate or approval until the FS office has collected all fees.

b. For existing certificate holders, if the FS office does not receive the fee within a reasonable period of time, it should advise the certificate holder in writing that certificate action may be required if the certificate holder does not send the fee as soon as possible.

c. Under the terms and conditions of maintenance agreements between the FAA and foreign Civil Aviation Authorities (CAA), to include the current bilateral agreement/maintenance annex/Maintenance Implementation Procedures (MIP), fees are generally limited to desk work performed by the IFO pursuant to certification and renewal activities.

Note: Fees are not assessed for the conduct of sampling inspections of aviation authorities even though these inspections may include visits to one or more associated FAA repair stations.

12. Procedures.

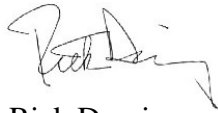
a. **Recording Time Expended.** All ASI hours expended in support of certification/renewal or inspection of air agencies/entities are recorded on the “Part 187 Appendix A Billing Activities” SharePoint site’s Air Agency Master Accounting Form specific to that agency. Each time an ASI works on any billable task for a specific agency, he or she must add the time expended to the agency’s specific Air Agency Master Accounting Form. All accumulated time autofills into the master accounting form at the bottom of the page, ensuring accurate calculations for billing. This requirement continues throughout the billing cycle until such time as the ASIs complete all tasks and the FS offices collect all fees. This will result in one of the following completions:

- Issuance of a certificate and operations specification (OpSpec) paragraph,
- A letter to the applicant indicating denial of the certificate (as applicable), or
- A letter to the applicant confirming termination of the certification process (as applicable).

b. **Instructions for Master Accounting Form Completion and Pay.gov.** Instructions for completing the master accounting forms and the use of Pay.gov are available on the International Program Division’s “Part 187 Appendix A Billing Activities” SharePoint site:
<https://avssp.faa.gov/avs/afs50/187billing/SitePages/Home.aspx>.

c. Annual Budgeting for User Fees. Return collected fees, by law, to the FAA/FS operations budget. Each year, in preparation for the next year's budget submission, the Business Standards Division's Financial Resources Management Branch will request an estimated amount of user fees that FS offices anticipate collecting in the upcoming fiscal year. The Business Standards Division budget office will advance funding to the division for the appropriate FS office to perform services outside the United States in accordance with AC 187-1. Once collected, return the fees to the Business Standards Division.

13. Disposition. We will incorporate the information in this notice into Order 8900.1 before this notice expires. Direct all questions associated with this policy revision to the International Program Division (AFS-50) at (202) 267-0962.



Rick Domingo
Executive Director, Flight Standards Service