

ORDER**DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION**

2510.11B

2/11/77

SUBJ: USER CHARGES

1. PURPOSE. This Order summarizes the responsibilities for surveillance and review of fees for user charge activities and for Public Law 80-647 activities of a user charge nature. It also provides procedures for annual submission of cost data for certain of these activities.
2. DISTRIBUTION. This directive is distributed to all region/center/Washington offices involved in the formulation of budget/program estimates, administration of fiscal programs, or utilization of agency resources.
3. CANCELLATION. Order 2510.11A, User Charges, is canceled.
4. BACKGROUND. OMB Circular A-25 requires that the cost of providing user charge services be reviewed annually and the fees adjusted as necessary. This directive concerns FAA responsibilities to meet those requirements.
5. ACTIVITIES COVERED BY THIS ORDER.
 - a. User charge activities performed under the authority of the federal user charge statute, 31, U.S.C. 483a.
 - (1) These activities confer special benefits or privileges to identifiable recipients above and beyond those available to the public at large.
 - (2) The efficient allocation of the nation's resources and the maintenance of equity between the general taxpayers and the recipients of special benefits require that all Government services or privileges, which provide special benefits to identifiable recipients, be financed by a system of user charges imposed on those who benefit from the specific activities.
 - (3) Revenues from user charge activities are deposited to Miscellaneous Receipt accounts of the General Fund of the Treasury.

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- b. Public Law 80-647 activities of a user charge nature authorized under Section 10 of Public Law 80-647. Revenues therefrom are deposited to Miscellaneous Receipt accounts or credited to FAA appropriations, as provided by Section 10. See order 2500.33A for a description of activities authorized under Section 10 of Public Law 80-647.

6. ESTABLISHMENT OR ADJUSTMENT OF FEES.

- a. User Charge Activities. The policy in OMB Circular A-25, User Charges, shall be followed. Under this policy, fees shall be designed to recover the full cost of providing services or privileges to recipients above and beyond those accruing to the public at large, unless waiver is granted as indicated in paragraph 7. Fees for the lease or sale of Federally owned resources shall be at the fair market value; they need not be limited to the recovery of costs but may produce net revenues.

- b. Public Law 80-647 Activities. The policy guide for FAA activities outside the 48 contiguous states is Order 2500.33A, Furnishing Services at FAA Activities Outside of the 48 Contiguous States. Section 10 of Public Law 80-647 requires that fees for aeronautical services be just and reasonable.

7. WAIVER OF FULL COST RECOVERY.

- a. Requests for waiver of the requirement to obtain full cost recovery shall be submitted to the Office of Budget together with full justification to support the waiver.
- b. Exceptions to the general policy of recovering full costs are permitted, under certain conditions, by OMB Circular A-25. The exceptions are as follows:
- (1) The incremental cost of collecting the fees would be an unduly large part of the receipts from the activity.
 - (2) The furnishing of the service without charge is an appropriate courtesy to a foreign country or international organization; or comparable fees are set on a reciprocal basis with a foreign country.
 - (3) The recipient is engaged in a nonprofit activity designed for the public safety, health, or welfare.
 - (4) Payment of the full fee by a state, local government, or nonprofit group would not be in the interest of the program.
- c. Costs approved for waiver in accord with the above need not be reported.

8. RESPONSIBILITIES.a. The Office of Budget is responsible for:

- (1) Reviewing cost data to determine the adequacy of fees.
- (2) Reviewing the justification and cost data for fee changes or new fees which are established on a national basis (e.g., those published in the Federal Aviation Regulations) and developing recommendations thereon.
- (3) Assuring that provisions of OMB Circular A-25 and other administrative requirements, where applicable, have been followed.
- (4) Issuing necessary implementing instructions regarding the review and reporting of fees.
- (5) Reviewing and approving/disapproving requests for waiver of the requirement to obtain full cost recovery.

b. The heads of Washington offices, services, regions, centers, and Metropolitan Washington Airports are responsible for:

- (1) Continued surveillance of all fees for activities within their purview.
- (2) Adjustment of existing fees or establishment of new fees for locally provided services that are unique to the organization providing the service.
- (3) Preparing and submitting supporting cost data in accordance with paragraph 9 below.

9. SUBMISSION OF COST DATA.a. Coverage of Activities. Appendix 1 provides a checklist of activities and identifies those for which cost data are required annually. For new or additional activities not covered on the checklist, cost data are required except for the following:

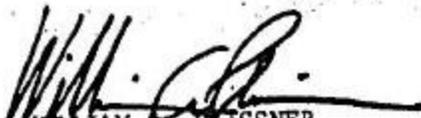
- * (1) Freedom of Information Act services.
- (2) Privacy Act services. *
- (3) Concessions.
- (4) Services for which fees are established as a result of contract negotiations (e.g., landing fees at Washington National and Dulles International Airports).

- (5) Services for which there are no established or published rates and the charge is on a "job cost" basis.
- (6) Infrequent services.

b. Cost Data Required.

- (1) A suggested reporting format that may be suitable for some of the activities listed under "Special Services" on appendix 1 is provided in appendix 2. This format may be modified to fit the needs of the activity being reported. Regardless of the format used, as a minimum the report should identify:
 - (a) The cost elements involved.
 - (b) The cost of providing the service per charging unit.
 - (c) The current fee.
 - (d) The annual units of service furnished or annual volume of business.
- (2) Where possible, cost data should be derived from or be consistent with the agency accounting records. Otherwise, costs shall be determined or estimated from the best available records or developed through a sampling technique.
- (3) The cost elements which should be included under direct costs are those that can be associated directly with the item being costed. The elements which should be included under indirect costs are those that cannot be directly associated with the items being costed since they also relate to other items/ programs.
- (4) All costs associated with providing the service shall be reported even though the obligations (e.g., for postage) may not be charged to the funds allocated to the reporting organization.
- (5) Cost data shall cover the direct and indirect costs (including depreciation and interest on the Government's investment, where applicable) to the Government in providing the service, as defined in OMB Circular A-25. Where Federally owned resources or property are leased or sold, a demonstration that a fair market value has been obtained will suffice.

- (6) The following shall accompany the cost data, where appropriate:
- (1) Documentation for exception to the general policy of recovering full costs.
 - (2) For other than locally established fees, justification for fee changes or new fees.
 - (3) Specification that legal review and clearance have been obtained, in the case of new fees or fee adjustments.
 - (4) Planned effective date of any proposed action.
- (7) The above information shall be submitted as the User Charge Report (RIS: BU 2510-7) to the Office of Budget by November 30th of each year. Negative reports are requested from the regions and centers.


WILLIAM A. PLISSNER
Director of Budget

APPENDIX 1. CHECKLIST OF ACTIVITIES

<u>Activity/Service</u>	<u>Submission of Cost Data</u>		<u>Remarks</u>
	<u>Is Required</u>	<u>Not Required</u>	
<u>SPECIAL SERVICES</u>			
Withholding union dues and contributions to charitable organizations from employees' salaries and allotments of pay for savings accounts.	X		
Aeronautical fixed communication messages		X	Follow reporting instructions under Order 2510.7A.
Aircraft landing and parking fees	X		Fees established as a result of agreements with airlines are not subject to prior review by the Office of Budget. After-the-fact review may be requested on an individual basis. Prior review and submission of cost data annually are required if the fees do not result from negotiated agreements.
Concession Agreements		X	
Aircraft Registration Certificates	X		
Dealer's Aircraft Registration Certificate	X		
Reservation and/or assignment of special aircraft identification numbers	X		
Recordation of security conveyances	X		
Infrequent services, e.g., sale of blueprints and specifications to contractors		X	
Licenses or permits for utilities and/or space for vending machines, kitchen privileges, etc.		X	

APPENDIX 1. CHECKLIST OF ACTIVITIES (Continued)

<u>Activity/Service</u>	<u>Submission of Cost Data</u>		<u>Remarks</u>
	<u>Required</u>	<u>Not Required</u>	
<u>SPECIAL SERVICES</u> (Continued)			
Duplicate certificates or licenses, e.g., duplicate medical certificates, airman certificates, etc.	X		
<u>SALE OR LEASE</u>			
Electric power	X		In lieu of submitting cost data to support sale or lease charges, documentation may be submitted to show that the rates are compatible with commercial rates for similar services.
Water and sewerage service	X		
Telephone service	X		
Rental and installation of communications equipment, e.g., teletypewriter and landlines	X		
Rental of other equipment	X		
Rental of building space	X		
Rental of land	X		
Sale of scrap and salvage material		X	
Sale of equipment and other personal property		X	
Commissions on telephone pay stations		X	

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Appendix 2

COST SUMMARY

1. Reporting Organization: FAA Aeronautical Center
2. Service/Item Provided: Aircraft Registration Certificate
3. Current Fee: \$5.00 each

<u>Cost Elements</u>	<u>Unit Cost</u>
4. Direct Costs:	
a. Labor	\$ 2.33
b. Benefits and Leave	.63
c. Supplies and Materials	.28
d. Machine Time (rent, maintenance, depreciation, etc.)	
e. Remittance Processing	.38
f. Postage and Mailing Costs	.13
g. Other Direct Costs (contractual services, travel, etc.)	<u>.01</u>
h. Total, Direct Costs	<u>3.76</u>
5. Indirect Costs:	
a. Labor	.74
b. Other	<u>.20</u>
c. Subtotal, Indirect Costs (exclusive of general administrative overhead)	.94
d. General administrative overhead (10% of sum of 4h and 5c)	<u>.47</u>
e. Total, Indirect Costs	<u>1.41</u>
6. Total Cost Per Charging Unit	<u><u>5.17</u></u>
7. Annual Volume of Business: 4,500 Units	