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## CHAPTER 9.

### FEES FOR SPECIAL PRODUCTS OR SERVICES

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Exhibit 9-1 NOAA PRODUCT/SERVICE COST COMPUTATION FORM AND INSTRUCTIONS

Exhibit 9-2 [ANNUAL REPORT OF USER FEES](#)

#### **9-01    PURPOSE.**

This Chapter provides the financial and accounting policies, responsibilities and procedures for determining fees for special products or services provided by NOAA to non-federal recipients.

#### **9-02    SCOPE.**

The provisions of this Chapter apply to all NOAA organizations providing special products or services, which convey special benefits to recipients beyond those, received by the general public.

#### **9-03    AUTHORITY.**

Department of Commerce Accounting Principles and Standards Handbook, “Chapter 11 Fees and Revenues” provides Departmental policy, responsibility, standards and related requirements for user charges (which are not repeated in this chapter) and may be accessed at:

[http://www.osec.doc.gov/ofm/Accounting/Final\\_Chapter\\_11\\_Acctg\\_Hdbk\\_6-3-16.pdf](http://www.osec.doc.gov/ofm/Accounting/Final_Chapter_11_Acctg_Hdbk_6-3-16.pdf)

Office of Management and Budget Circular A-25, "User Charges," establishes Federal policy regarding fees assessed for Government services and for the sale or use of Government property or resources. This reference may be accessed at:

<http://www.whitehouse.gov/omb/circulars/a025/a025.html>

31 U.S.C. 9701 requires that each service or thing of value provided by an agency to a person to be self-sustaining; and authorizes the head of each agency to prescribe regulations establishing the charge for a service or thing of value provided by the agency. This reference may be accessed at:

<https://www.law.cornell.edu/uscode/text/31/9701>

15 U.S.C. 1525-1527 authorizes the Secretary of Commerce, upon the request of any person, firm, organization, or others, public or private, to make special studies, reports, etc. on matters within the authority of the Department upon the payment of the actual or estimated cost of such special product or service. This reference may be accessed at:

<http://www4.law.cornell.edu/uscode/15/1525.html>

Department of Commerce Accounting Principles and Standards Handbook, "Chapter 12 Managerial Cost Accounting" Specifically, Section 6 provides Departmental policy, responsibility, standards and related requirements for user charges (which are not repeated in this chapter) and may be accessed at:

[http://www.osec.doc.gov/ofm/Accounting/Final\\_Chapter\\_12\\_Acctg\\_Hdbk\\_6-3-16.pdf](http://www.osec.doc.gov/ofm/Accounting/Final_Chapter_12_Acctg_Hdbk_6-3-16.pdf)

#### **9-04 POLICY.**

NOAA's general policy is to recover the full cost of providing a special product or service unless specific legislation authorizes recovery of a lesser or greater amount. Charges or fees will be set in consideration of the total costs of providing the special product or service. Charges or fees should not be established if they would seriously impair the objectives of the program or public policy, nor should they be established in an amount so high as to have that effect.

All non-federal recipients will make payment in advance of, or simultaneously with, the providing of the service or product. Payment will be based on the estimated cost of the special product or service. The head of the responsible program office must justify and request, in writing, a waiver of this payment policy from the CFO, Budget Office prior to providing the special product or service.

No charge should be made for products or services when the specific beneficiary cannot be identified and the product or service primarily benefits the general public.

Special products or services should not be provided when the product or service would be in direct competition with commercial enterprise.

User fees should be set as rates rather than fixed dollar amounts, when possible, to adjust for changes in costs to the Government or changes in market prices of the goods, resources, or services provided.

#### Exceptions to Policy

The NOAA Chief Financial Officer (CFO) may make exceptions to this policy when:

- Furnishing the special product or service without charge is an appropriate courtesy to a foreign country or international organization or is in accordance with an international agreement to which the United States has subscribed.
- Comparable fees are set on a reciprocal basis with a foreign country.
- The recovery of full cost is in conflict with statutory requirements or would seriously impair the objectives of the program or public policy.

The NOAA CFO may recommend to the Office of Management and Budget that exceptions to the general policy be made when:

- The cost of collecting fees would represent an unduly large part of the collected receipts by the activity.
- Any other condition exists that, in the opinion of the NOAA CFO, justifies an exception.

All exceptions shall be for a period of no more than four (4) years unless renewed by the NOAA CFO or, when appropriate, by the Office of Management and Budget.

The legal and administrative basis for exceptions must be documented in the accounting records and retained by the Line/Staff Office. All exceptions to full cost recovery should be supported by documentation for audit purposes.

Any NOAA organization providing special products or services it considers exempt from the provisions of this Chapter must still comply with the Department of Commerce Accounting Principles and Standards Handbook, Chapter 11, Section 7.0, "Special Pricing Considerations" requirements.

## Documentation

Records must be maintained of the service or activity subject to user fees; the benefits provided to recipients; exceptions to the pricing policy; and information used to establish charges and specific methods used to determine them. Predetermined rates shall be established when feasible, particularly in cash sales programs. Offices establishing such rates shall document the following:

- The basis for establishing the rate;
- The method of recording and controlling variances between costs and billings; and
- Periodic evaluation of material variances and adjustments.

The proper completion and retention of the NOAA Product/Service Computation Form (Exhibit 9-1) is an essential source for this documentation.

## Procedures

Each NOAA organization submitting Product/Service Cost Computation forms or equivalent to the appropriate Line/Staff CFO/MB Office for perennial products/services must do so at least once every two years - six (6) weeks after publication (usually in June of each year) of the ensuing fiscal year's distribution rates by the Budget Office, but no later than August 15. Product/Service Cost Computation forms or equivalent for new products/services must be submitted and final prices approved before the products/services are provided to the recipient.

The distribution and proposed pay raise rates to be used for computing fees for special products/services will be those, which are current when the Product/Service Cost Computation forms or equivalent are completed.

Also,

The Product/Service Cost Computation form, its supporting worksheets, Exhibit 9-1, and instructions can be found at:

[NOAA PRODUCT/SERVICE COST COMPUTATION FORM](#)

## [Instructions](#)

It may be beneficial for organizations providing numerous products/services to prepare Product/Service Cost Computation forms or equivalent for standard costs or functions. For example, handling an order is a function, which must be performed for many products/services.

A separate Product/Service Cost Computation form or equivalent for “Standard Handling” could be prepared. The final price charged for a product/service would include the production costs documented on another Product/Service Cost Computation form or equivalent as well as the cost of “Standard Handling.”

Contact the Finance Office, Financial Policy and Compliance Division for guidance on identifying standard costs in order to reduce replication of computations.

#### Disposition of Receipts

Receipts for products/services provided under 31 U.S.C. 3302(b) must be deposited into the U.S. Treasury as miscellaneous receipts and are not available to pay the costs of providing such products/services.

Receipts for special products/services provided under 15 U.S.C. 1526 may be used to pay the costs of such products or services.

Receipts for products/services authorized by specific legislation must be used/deposited following the language of the legislation.

#### **9-05 RESPONSIBILITIES.**

Each organization furnishing a special product or service is required to accumulate the related cost data and complete a Product/Service Cost Computation form [NOAA PRODUCT/SERVICE COST COMPUTATION FORM](#) (Exhibit 9-1) or equivalent and supporting worksheets for each special product or service. NOAA organizations must submit Product/Service Cost Computation forms or equivalent for all special products/services at least biennially to their Line/Staff Chief Financial/Budget Officer for approval of fees for the ensuing two fiscal years. A form with revised computations may be submitted anytime for any product/service, which experiences a significant cost change, or for a new special product/service. The costs that must be considered in developing special product/service prices are shown on the Product/Service Cost Computation forms or equivalent. The costs must include the Treasury Financial Management Service (FMS) fee assessed for collection of user charges. These charges are updated annually and are included on the Product/Service Cost Computation forms or equivalent. The current FMS fee can be found on NOAA’s policy memorandum page and at: <http://www.corporateservices.noaa.gov/finance/policymemos.html>

The head of each Financial Management Center (FMC) is responsible for continuously examining the special products and services furnished by his/her organization and assuring that the data required by this Chapter are submitted to the head of the responsible Line/Staff CFO/MB Office for approval. The heads of FMCs and CFO/MB offices are responsible for assuring compliance with this Chapter and for the general supervision of fees for special products/services in their organizations.

Proposed pay raise and distribution rates to be used in computing full costs will be furnished annually by the Budget Office.

The Staff/Line CFO/MB Office will review Product/Service Cost Computation forms or equivalent for accuracy, logic, and completeness of documentation, will approve final prices for special products/services, and provide a summary of each product/service reviewed. They are also responsible for the general supervision of user fees and for assuring compliance with this chapter.

As part of the annual preparation of NOAA's financial statements, each Line/Staff CFO/MB Office will submit to the Finance Office, Financial Policy and Compliance Division:

- listing of all special products and/or services showing the approved unit price, unit price review date, actual fee collections, and number of transactions for each product and/or service.
- a statement signed by the Line/Staff Office Chief Financial Officer/Budget Officer, which certifies the accuracy and completeness of the information for all special products and/or services within the responding Line/Staff Office.

Line/Staff Offices must document each final review of unit prices with a brief summary that addresses scope, results, and issue resolution.

The Finance Office will review lists of special products/services and conduct biennial random sample audits of user fees to ensure the accuracy and completeness of the cost computation and supporting documentation of the final review.

## **9-06 DEFINITIONS.**

Full cost includes all direct and indirect costs of providing a special product or service. These costs include, but are not limited to:

- Labor costs including salaries and employee benefits such as leave and employer's contributions for retirement, medical and life insurance;
- Other direct costs including travel and transportation of persons, transportation of things, rent, communications, and utilities, printing and reproduction, other services, supplies and materials, land and structures, etc.;
- Distributed (i.e., indirect) costs including NOAA and Department of Commerce (DOC) support, future retirement pay of NOAA Commissioned Officers, General Services Administration rent charges, and FMS collection costs.

For more information on full costing, refer to Chapter 12, Section 5.0 “Full Cost” of the DOC Accounting Principles and Standards Handbook at:

[http://www.osec.doc.gov/ofm/Accounting/Final\\_Chapter\\_12\\_Acctg\\_Hdbk\\_6-3-16.pdf](http://www.osec.doc.gov/ofm/Accounting/Final_Chapter_12_Acctg_Hdbk_6-3-16.pdf)

Special products or services are those, which provide special benefits to recipients beyond those received by the general public. Special products or services at NOAA include, but are not limited to, permits, reproductions of weather records and data, aerial photographs, oceanographic records, hydrographic and topographic surveys, geomagnetic, seismic and geodetic data in the form of bromides, film positives, photostats, photocopies, microfilm, magnetic tape, digital products, etc. It also includes the certification of records and access to computer databases or files.

#### **9-07 EFFECT ON OTHER ISSUANCES.**

This Chapter supersedes Chapter 9 of the NOAA Finance Handbook, dated August 15, 2016 in its entirety.