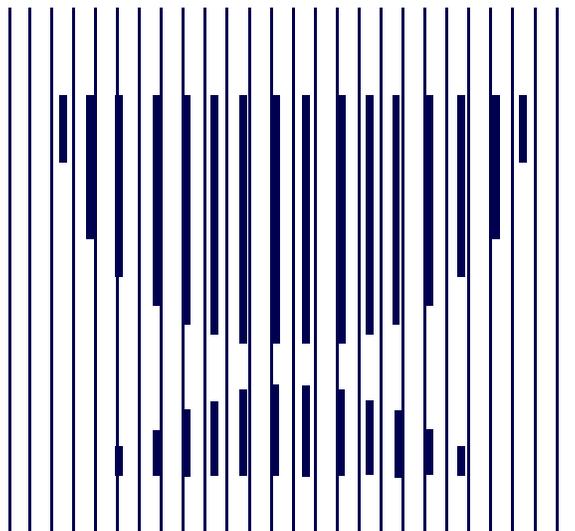




CBO MEMORANDUM

**THE GROWTH OF
FEDERAL USER CHARGES:
AN UPDATE**

October 1995



CONGRESSIONAL BUDGET OFFICE



CBO

MEMORANDUM

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CONGRESSIONAL BUDGET OFFICE
SECOND AND D STREETS, S.W.
WASHINGTON, D.C. 20515

NOTES

Unless otherwise indicated, all years referred to in this memorandum are fiscal years.

Numbers in the text and tables may not add to totals because of rounding.

This memorandum updates an earlier Congressional Budget Office study, *The Growth of Federal User Charges* (August 1993). That study documented the growth of user charges from 1980 to 1991, analyzed the economic and legal issues they have raised over the years, and discussed their role in the budget process. This memorandum looks at the growth of user charges from 1991 through 1994, compares it with the growth from 1980 through 1991, and analyzes the effects of recent legislation, particularly the Omnibus Budget Reconciliation Acts of 1990 and 1993.

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SUMMARY AND INTRODUCTION

Between 1991 and 1994, user charges--measured in constant dollars--increased by nearly 9 percent, reaching a total of almost \$140 billion. User charges are of four general types: user fees, regulatory fees, benefit-based taxes, and liability-based taxes. Between 1991 and 1994, user and regulatory fees increased, while benefit- and liability-based taxes combined did not.

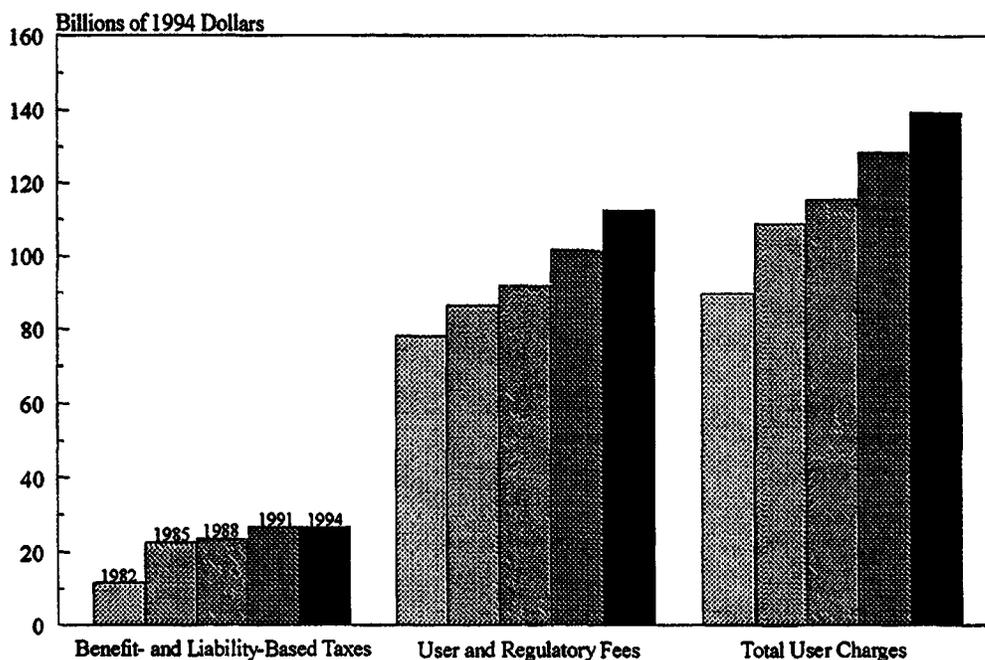
- o User fees--payments made by individuals or businesses for goods or services provided by the government, consumed voluntarily, and not generally shared by other members of society--increased by 10 percent to nearly \$107 billion.
- o Regulatory fees--charges that stem from the government's powers to regulate the economy and the activities of individuals--increased by 40 percent to more than \$6 billion.
- o Benefit-based taxes--taxes dedicated to trust funds and levied on commodities that are related in varying degrees to use of a publicly provided good or service--amounted to \$24.5 billion, an increase of only 1 percent.
- o Liability-based taxes--excises dedicated to trust funds and levied to abate hazards or compensate for injuries--declined by 11 percent to \$2.4 billion.

The data that follow indicate the level of user charges in 1994 and their growth in dollars and in relation to federal financial resources since 1991. An earlier Congressional Budget Office study, *The Growth of Federal User Charges* (August 1993), covered the period from 1980 through 1991. Federal financial resources are the funds available to the government from budget receipts (income taxes, social insurance taxes and contributions, excise and other taxes, customs duties, and miscellaneous receipts) and user charges that are offset against (that is, subtracted from) outlays. The growth in user charges between 1991 and 1994 is measured in terms of constant purchasing power, in 1994 dollars. The adjustment is based on the gross domestic product deflator. (See Appendix Tables A-1, A-2, and A-4 to A-9 for data in nominal dollars for 1991 and 1994; see Table A-3 for a breakdown of user charges in relation to federal financial resources.)

MAJOR DEVELOPMENTS IN THE GROWTH OF USER CHARGES

Between 1991 and 1994, fee collections and federal financial resources each increased by 11 percent--a rate that slightly exceeded the real (inflation-adjusted) growth in gross domestic product--whereas benefit- and liability-based taxes did not grow at all

FIGURE 1. USER CHARGES BY TYPE, 1982-1994



SOURCE: Congressional Budget Office.

(see Figure 1).¹ The increase in collections of user and regulatory fees reflects a continuing trend toward charging for governmental services, but the totals mask the extent to which charges for some types of goods and services have grown, while others have either stayed stable or declined.

As a share of federal financial resources, user charges accounted for 10.2 cents of each dollar in 1994, down from 10.5 cents in 1991. Fees accounted for 8.3 cents of each dollar of federal financial resources in 1991 and for 8.2 cents in 1994; benefit- and liability-based taxes accounted for 2.2 cents of each dollar in 1991 and for 2.0 cents in 1994 (see Table A-3).

User charges have been growing steadily since the early 1980s. The increases in user charges reflect both administrative actions and legislative changes, which include predominantly budget reconciliation acts and annual appropriation measures.

1. *Budget of the United States Government* for fiscal years 1993 and 1996; Department of the Treasury, Financial Management Service, *United States Government Annual Report--Appendix* for fiscal years 1991 and 1994; and unpublished historical data on proprietary receipts from the public and budget receipts provided by the Office of Management and Budget and the Financial Management Service.

All of the budget reconciliation bills enacted since 1985 included increases in user charges. The most recent of these were the Omnibus Budget Reconciliation Acts of 1990 (OBRA-90) and 1993 (OBRA-93).

Effects of the Omnibus Budget Reconciliation Acts of 1990 and 1993

OBRA-90 enacted more new fees and increased more existing fees than any single piece of legislation to date. OBRA-90 also increased or extended several benefit- and liability-based taxes.

In 1994, collections of user charges were nearly \$14 billion, or 11 percent, higher than they would have been if OBRA-90 had not been enacted. Collections of user fees in 1994 were \$4.6 billion, or 5 percent higher. Regulatory fee receipts were \$1.5 billion, or about 35 percent higher. Revenues from benefit-based taxes were nearly \$6.5 billion, also about 35 percent higher, and revenues from liability-based taxes were \$1.1 billion, or 81 percent higher. OBRA-90 increased rates on taxes dedicated to the Highway and Harbor Maintenance Trust Funds and forestalled a scheduled drop in rates on taxes dedicated to the Airport and Airway Trust Fund. Without those provisions, collections of benefit-based taxes would have steadily declined between 1991 and 1994. OBRA-90 did not increase the rates on any liability-based taxes, but it did delay the expiration dates for taxes dedicated to the Superfund and the Leaking Underground Storage Tank Trust Fund, thus keeping receipts for those funds from declining to zero.

By and large, the new and increased user charges enacted in OBRA-90 took effect in 1991 and thereafter were unchanged. Thus, they do not generally account for the growth in user charges between 1991 and 1994. The increases in Supplemental Medical Insurance (SMI) premiums (Medicare Part B), however, do reflect the provisions of OBRA-90. The bill set forth a schedule of rates for the years from 1991 through 1995 that included automatic annual increases. Collections of Medicare Part B premiums increased by 33 percent between 1991 and 1994. The growth reflects both higher premiums and increases in the number of enrollees. If OBRA-90 had not increased premiums, the growth in collections would have been 14 percent. The growth in Medicare Part B collections accounted for 38 percent of the increase in total user charges between 1991 and 1994.

OBRA-93 included provisions giving the Federal Communications Commission (FCC) authority to auction new licenses to use the electromagnetic spectrum, increased some user and regulatory fees and extended others, and extended some

benefit- and liability-based taxes.² In 1994, collections of user charges were about \$300 million greater than they would have been if OBRA-93 had not been enacted.

The auction of licenses to use the electromagnetic spectrum, which was held for the first time in July 1994, adds significantly to user charge collections. However, because of the timing of the auctions and the subsequent payments for licenses, the effects on user charge collections do not show up until 1995 and therefore are not reflected in this report. The Congressional Budget Office estimates that proceeds from the auctions will amount to \$7.6 billion in 1995. The other user charge provisions in OBRA-93 will result in collections that are nearly \$400 million higher in 1995 than they otherwise would have been.

The Growth of User Charges in the 1980s and 1990s

User charge collections increased significantly--by 11 percent--between 1990 and 1991 and subsequently grew at a much slower pace. The high rate of growth between 1990 and 1991 in large part reflects provisions of OBRA-90 that took effect in 1991. Between 1991 and 1994, the growth of user charge collections slowed down to an average rate of 3 percent a year, compared with 5 percent between 1980 and 1991. (The average annual rate of growth between 1990 and 1994, however, was virtually the same as the rate in the 1980s--about 5 percent.)

The rate of growth varies by type of charge. User fee collections increased at an average rate of 3 percent a year between 1991 and 1994, compared with an average rate of 11 percent a year between 1980 and 1991. Regulatory fee collections increased at an average annual rate of 13 percent between 1991 and 1994, compared with an average rate of 20 percent between 1980 and 1991. Revenues from benefit- and liability-based taxes increased by nearly 19 percent between 1990 and 1991 and not at all between 1991 and 1994. Between 1980 and 1991, tax collections increased at an average rate of 7 percent a year. (Table 1 shows the average annual real rates of growth in user charge collections from 1980 to 1991 and from 1991 to 1994. The variation in growth rates among different types of fees and taxes is considerable.)

2. For a summary of the provisions of OBRA-90 and OBRA-93, see Congressional Budget Office, *The Growth of Federal User Charges* (August 1993), pp. 20-23 and 58.

TABLE 1. AVERAGE ANNUAL REAL GROWTH OF USER CHARGES,
1980-1991 AND 1991-1994 (In percent)

Charges	1980-1991	1991-1994
Fees		
User Fees		
Benefits and services		
Postal services	5	2
Insurance	13	7
Other	3	10
All benefits and services	7	4
Rents, royalties, and sales of products	-2	-2
All user fees	11	3
Regulatory Fees	20	13
All Fees	5	4
Taxes		
Benefit-Based	6	0
Liability-Based	42	-4
All Taxes	7	0
Total		
All Fees and Taxes	5	3

SOURCE: Congressional Budget Office.

USER FEES

User fees consist largely of charges for benefits and services, rents, royalties, and sales of products. As a share of federal financial resources and in absolute dollars, adjusted for inflation, some types of fees increased between 1991 and 1994, whereas others declined (see Tables 2, A-1, and A-3).

Charges for Benefits and Services

Charges for benefits and services--which include most business-type fees other than rents, royalties, and product sales--increased by 13 percent to nearly \$91 billion between 1991 and 1994 (see Figure 2). Those fees include charges for a wide variety of goods and services, including postal services and insurance. As a share of federal financial resources, charges for benefits and services were 6.5 percent in 1991 and 6.6 percent in 1994 (see Table A-3).

Collections of fees for benefits and services grew at an average annual rate of 4 percent between 1991 and 1994, compared with 7 percent between 1980 and 1991. Growth rates vary widely, however, by type of charge. For postal services and insurance the rates of growth in collections were lower in the 1990s than in the 1980s, whereas for other benefits and services they were substantially higher in the 1990s.

TABLE 2. REAL GROWTH IN USER FEE COLLECTIONS BY TYPE, 1991-1994
(In percent)

Charges	Increase or Decrease
Benefits and Services	
Postal services	6
Insurance	19
Other	31
All benefits and services	13
Rents, Royalties, and Sales of Products	
Rents and royalties	-3
Sales of products	-6
All rents, royalties, and sales	-5
All user fees	10

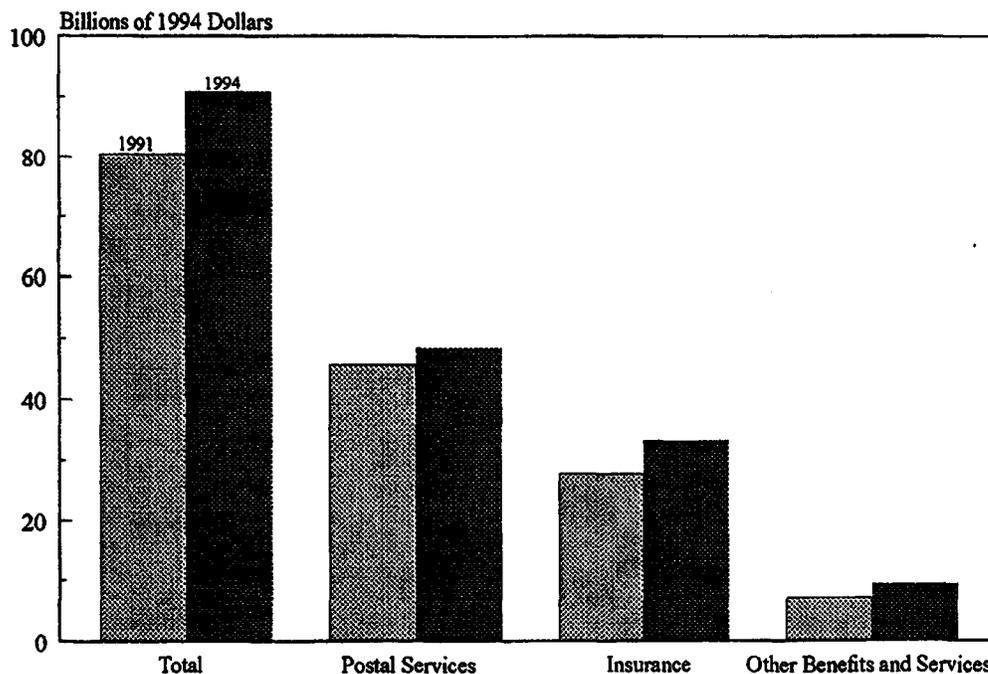
SOURCE: Congressional Budget Office.

Postal Services. Postal services, which account for more than a third of all user charge collections, amounted to \$48.4 billion in 1994--an increase of 6 percent since 1991. The increase in postal service charges was less than the overall increase in user charges. Postal services declined as a share of federal financial resources from 3.7 percent in 1991 to 3.5 percent in 1994.

Insurance. Federal insurance premiums amounted to \$33 billion in 1994, an increase of 19 percent since 1991. As a share of federal financial resources, insurance premiums were 2.3 percent in 1991 and 2.4 percent in 1994. Collections from insurance premiums account for nearly one-fourth of all user charges.

The growth in Supplementary Medical Insurance premiums for the aged and the disabled accounts for most of the increase in insurance collections. SMI collections rose by 33 percent between 1991 and 1994. The growth reflects increases in the number of beneficiaries and changes in premiums that were enacted under OBRA-90, which established a schedule of rates that increase annually from 1991 through 1995.

FIGURE 2. CHARGES FOR BENEFITS AND SERVICES IN 1991 AND 1994



SOURCE: Congressional Budget Office.

Premium payments from some depository institutions were lower in 1994 than in 1991. Payments from savings and loan institutions were lower because mergers and closures of insolvent institutions reduced the assessable deposit base for insurance premiums. Credit union insurance collections declined because fewer institutions failed. Consequently, insurance reserves grew, and premiums were lowered. Commercial banks have been stable, and payments to the Federal Deposit Insurance Corporation in real terms were about the same in 1994 as in 1991.

Most other insurance collections increased. Other collections include health insurance for federal employees, retirees, and veterans; life insurance for federal employees and veterans; premiums of the Pension Benefit Guaranty Corporation; and disaster insurance, particularly federal crop and national flood insurance (see Table A-4 for a breakdown of insurance charges in nominal dollars in 1991 and 1994). Federal insurance programs are varied, not only in purpose but also in design. Some of them--such as veterans' life, pension, and flood insurance--are primarily financed from user charges; others--such as crop insurance--receive support from general funds.

Charges for Other Benefits and Services. Fees for benefits and services other than postal services and insurance account for a relatively small but growing share of total user charges. Those charges include many of the more familiar collections for research services, technical information, maps, charts, and data; agricultural marketing and trade promotion services; administrative and auditing services; reimbursements for construction; soil conservation and flood control; admission to national parks; and use of recreational facilities. Subagencies of the Departments of Agriculture, Commerce, and the Interior provide and charge for many of these services. (See Table A-5 for a breakdown of charges in nominal dollars for benefits other than insurance and postal services.)

Fees for benefits and services apart from postal services and insurance have grown rapidly in the past few years. In 1991, those charges accounted for 5 percent of total user charges. In 1994, they represented nearly 7 percent of the total and amounted to more than \$9 billion--an increase since 1991 of 31 percent in constant dollars. The 10 percent average annual growth rate between 1991 and 1994 contrasts with an average rate of 3 percent between 1980 and 1991. The collections constitute a rising but still small share of federal financial resources--less than 1 percent.

The growth in collections in the 1990s in part reflects extensions and increases in fees in annual appropriation measures and administrative actions that agencies have taken under the authority granted to them by the Independent Offices Appropriations Act of 1952. The lack of a central source for data on user fees makes it impractical to try to determine which user fee rates are periodically reviewed and adjusted and

which are not. However, the overall data suggest that many agencies are raising charges to keep pace with inflation and reflect market values.

To a lesser extent, the growth in collections since 1991 also reflects some increases in charges, enacted under OBRA-93, for benefits related to the use of public lands and access to natural resources. OBRA-93 increased entry and user fees for recreation facilities at sites under the control of the Departments of Agriculture and the Interior and the Army Corps of Engineers, although those fees are still considerably below the costs of maintaining national parks and recreational sites. OBRA-93 also increased fees for using communications sites on lands administered by the Forest Service and the Department of Interior's Bureau of Land Management (BLM), although the fees remain lower than the fees that private and state landowners are collecting for comparable sites. (Forest Service officials estimate that nationwide the agency is collecting fees worth about 10 percent of the fair market value of its sites; BLM officials estimate that the agency's fees represent between 50 percent and 65 percent of the fair market value of its sites.)³

Fees for using federal lands, for the rights to exploit hardrock minerals (such as gold, silver, and copper), and for cattle grazing are also below market levels, although some change has occurred or is pending. In 1992, the Congress enacted new fees on hardrock mining claims. The Interior Department appropriation act of 1993 set an annual rental fee for 1993 and 1994 of \$100 for each hardrock mining claim on federal land (with exceptions for anyone involved in exploration work on less than 10 acres or who is producing minerals from 10 or fewer claims). OBRA-93 extended the \$100 annual holding fee through 1998. Previously, prospectors could stake a claim and mine and sell minerals from public lands without paying any fees or royalties to the federal government. The sole requirement, set under the Mining Law of 1872, was that the prospectors spend \$100 a year on development. Although it still receives no royalties, the federal government collected \$49 million in hardrock mining holding fees in 1994. Legislation to increase grazing fees has recently been approved by the Senate Energy and Commerce Committee.

Rents, Royalties, and Sales of Products

Rents, royalties, and sales of products, when combined, brought in \$16 billion in 1994, a decline of more than 5 percent since 1991. Those collections have been falling since the early 1980s--measured in constant dollars and as a share of user charges and of federal financial resources. In 1994, rents, royalties, and sales accounted for about 11 percent of all user charges, down from 25 percent in the early

3. General Accounting Office, *Fees for Communications Sites Are Below Fair Market Value* (July 1994), pp. 2-4.

1980s, and for only 1 percent of federal financial resources, compared with about 3 percent a decade ago. The collections have declined at an average rate of 2 percent a year since 1980. (See Table A-6 for a breakdown of collections from rents, royalties, and sales in nominal dollars in 1991 and 1994.)

Rents and Royalties. Between 1991 and 1994, collections from rents and royalties declined by 3 percent in constant dollars to \$4.4 billion. As a share of federal financial resources, rents and royalties accounted for only 0.3 percent of collections in 1994, down from 0.4 percent in 1991. Rents and royalties are also a declining share of total charges, representing only 3 percent in 1994, compared with 4 percent in 1991 and 11 percent in 1980. Much of the decline in rents and royalties over the past 15 years has resulted from falling oil prices.

Sales of Products. Sales of products declined by 6 percent between 1991 and 1994, when they amounted to \$11.6 billion. The decline results from decreases in sales of timber, minerals, and mineral (primarily oil) products. As a share of total charges, sales of products declined from 10 percent in 1991 to 8 percent in 1994; as a share of federal financial resources, they declined from 1 percent to 0.8 percent. Some of the Department of Agriculture's largest collections from the public are receipts from the National Forests Fund, primarily for timber harvesting and sales. Receipts from timber harvests for the past several years have fallen short of recovering the costs of timber management, reforestation, construction of logging roads, payments to states, and other timber programs.⁴

Sales of power and other utilities by the Department of Energy and the Tennessee Valley Authority amounted to \$9.9 billion in 1994, an increase of 1 percent since 1991. Sales of products other than timber, minerals, and power are a relatively insignificant source of funds.

REGULATORY FEES

Regulatory fees increased by 40 percent between 1991 and 1994, rising to \$6.1 billion and continuing a trend that has been holding since the early 1980s. Even so, the rate of growth in the 1990s has so far been less dramatic than it was in the 1980s. Regulatory fees constitute a small but growing share of total user charges, increasing from less than 2 percent in 1980 to 3 percent in 1991 and to more than 4 percent in 1994. Regulatory fees accounted for 0.4 percent of federal financial resources in both 1991 and 1994.

4. Congressional Budget Office, *Reducing the Deficit: Spending and Revenue Options* (February 1995), p. 128.

Regulatory charges include patent and trademark fees, inspection and licensing fees, and filing and registration fees from a variety of regulatory programs. Energy-related programs accounted for slightly less than one-fourth of all regulatory fees. Regulatory charges also include immigration user and examination fees, passport and consular fees, Customs Service user fees, Internal Revenue Service ruling and determination fees, and a variety of fees for legal services (see Table A-7 for a breakdown of collections in 1991 and 1994 in nominal dollars).

Significant Increases

Although regulatory charges remain a small portion of total fees, in recent years they have made some programs--and even some agencies--almost, if not entirely, self-supporting (see Table 3). Between 1991 and 1994, collections of regulatory fees increased in several agencies.

TABLE 3. FEES AND GROSS OUTLAYS OF SELECTED REGULATORY AGENCIES, 1994 (In millions of dollars)

Agency	Total Fees	Gross Outlays	Fees as a Percentage of Outlays
Commodity Futures Trading Commission	2	47	5
Consumer Product Safety Commission	0	46	0
Customs Service	945	2,181	43
Federal Communications Commission	109	158	69
Federal Energy Regulatory Commission	165	148	112
Federal Maritime Commission	0	18	1
Federal Trade Commission	29	99	29
Immigration and Naturalization Service	550	1,595	34
Interstate Commerce Commission	8	50	16
Nuclear Regulatory Commission	500	548	91
Patent and Trademark Office	547	493	111
Securities and Exchange Commission	593	259	229

SOURCES: *Budget of the United States Government, Fiscal Year 1996; Annual Report of United States Government--Appendix, 1994.*

Immigration and Naturalization Service. Fees charged by the Immigration and Naturalization Service (INS) increased by 26 percent to \$550 million. INS collections currently cover about one-third of the agency's annual budget. The INS has imposed three types of fees since 1986. The Immigration Legalization Fund, which was authorized under the Immigration Reform and Control Act of 1986, provides financing for an amnesty program that permits illegal aliens to become legal residents. Collections from illegal aliens seeking to become legal residents peaked in 1988 and thereafter declined, as expected. The INS also imposes immigration examination fees, which cover the costs of reviewing, processing, and adjudicating applications for anyone petitioning for residence in the United States.

The INS has been collecting immigration user fees since 1987. Those fees, which come from a \$6 assessment on airline tickets for travel to and from the United States, pay for all immigration inspections at U.S. airports. All three INS programs--immigration legalization, examination, and inspection--are fully financed from assessments. In the past few years, proposals have been put forth to levy fees for inspections at crossings along the Canadian and Mexican borders in order to stem illegal immigration and drug smuggling and to help pay for additional inspectors in areas of heavy traffic. The proposed increases in collections would be split between the INS and the Customs Service.

Premerger Filing Fees. The Department of Justice and the Federal Trade Commission (FTC) jointly review proposed mergers and assess premerger filing fees. Fee collections for premerger filings doubled between 1991 and 1994, when they amounted to \$58 million. The fees, which the two agencies split, went into effect in 1990 and cover all costs associated with reviewing proposed mergers that might hinder competition.⁵

Passport, Visa, and Consular Fees. The Department of State's charges consist primarily of passport, immigration (largely visa), and consular fees. Those fees amounted to \$386 million in 1994, an increase of 92 percent over 1991. Passport, immigration, and consular fees are designed to cover the costs of issuing passports and immigrant and nonimmigrant visas and of providing consular services. Services for U.S. citizens overseas account for about 40 percent of the cost of a passport. The State Department reviews and adjusts its fees every five years. The most recent increase took effect in 1992.

5. Public Law 101-162, Title VI, Section 605, as amended by Public Law 101-302, Title I; Public Law 102-395, Title I; and Public Law 103-317, Title I.

Patent and Trademark Office. Between 1991 and 1994, fee collections for patent and trademark applications increased by 48 percent to \$547 million. Fees have fully supported the operations of the Patent and Trademark Office for the past few years. The fees consist of base charges and a 69 percent surcharge, which was enacted under OBRA-90 in order to pay for a larger share of the agency's operations. OBRA-93 extended the surcharge through 1998.

Treasury Department Fees. The Comptroller of the Currency collected \$382 million for bank supervisory services in 1994, an increase of 30 percent since 1991. The main additions to the Treasury's fees during the last decade have been Customs Service user fees and Internal Revenue Service (IRS) ruling and determination fees. Customs Service fee collections increased by 37 percent to \$945 million; IRS fees increased by 19 percent to \$47 million. OBRA-93 extended Customs Service user charges through 1998.

Securities and Exchange Commission Fees. The Securities and Exchange Commission (SEC) collects registration fees that substantially exceed its outlays. In 1980, SEC registration fees amounted to about two-thirds of the agency's gross outlays. In 1986 and 1987, the share had climbed to well above 200 percent; in 1994, it was 229 percent. SEC fee collections in 1994 were \$593 million, more than double their 1991 level.

The SEC's registration fee is based on the dollar value of the offering. Thus, in its structure, the fee is similar to a tax, and most fee proceeds flow into general funds. Beginning in 1991, SEC appropriation acts have increased registration fees from 0.02 percent to 0.03 percent of the dollar value of the offering. The increase is offset against the agency's outlays, whereas the base fees go into general funds. The increase covers a portion of the SEC's outlays; the remainder of the SEC's appropriation comes from general funds. Thus, the SEC is not self-financing, even though its total fee collections exceed its outlays. In the past few years, the SEC has sought to become self-financing, and proposals to that end have been put forth both within the Congress and by the Administration, but none has yet passed.

Nuclear Regulatory Commission Fees. The Nuclear Regulatory Commission's (NRC's) fees are set to cover budget authority from the general fund. Fee collections of \$500 million in 1994 were only slightly higher in real terms than in 1991. Based on the general authority granted to all agencies in the Independent Offices Appropriations Act of 1952 (IOAA), the NRC and its predecessor, the Atomic Energy Commission, have been collecting inspection and licensing fees since 1968. Those fees cover a small fraction of the NRC's outlays. Beginning with the Consolidated Budget Reconciliation Act of 1985, the Congress gave the NRC the authority to levy annual charges on the operation of nuclear power reactors and thus to recover a larger share of its costs. In OBRA-90, the Congress authorized the NRC

to levy licensing and inspection fees so that its budget from general funds is fully financed from fees. OBRA-93 extended the authority through 1998. The fees levied under the agency's general authority cover specific licensing and inspection services. Annual fees levied on each reactor recover the cost of providing generic services to licensees, such as research, rulemaking, and development of regulations.

Federal Energy Regulatory Commission Fees. The Federal Energy Regulatory Commission's (FERC's) fees--levied under the authority of the Federal Power Act, the IOAA, and OBRA-86--also fully cover its budgetary costs. Collections of \$165 million in 1994 were 25 percent higher than in 1991. The FERC regulates interstate aspects of the natural gas, oil pipeline, hydroelectric, and electric power industries. Its regulatory activities include setting and approving rates, issuing licenses and certificates for constructing facilities, and inspecting dams. In addition to specific fees for reviewing filings authorized under the IOAA, the FERC assesses annual charges on hydroelectric licensees and on regulated oil, gas, and electric firms. Each year, the FERC reviews its program costs and makes adjustments, as necessary, so that its annual charges are equal to its budget authority, less fees authorized under the IOAA.

Federal Communications Commission Fees. OBRA-93 increased the fees that the Federal Communications Commission charges for its regulatory activities. As a result, collections in 1994 of \$109 million were more than twice their 1991 level. The FCC assigns licenses to private parties who use the radio spectrum and charges fees to cover the cost of the application and licensing process.

OBRA-93 also gave the FCC authority to auction licenses to use parts of the radio spectrum. The use of the radio spectrum includes traditional radio and television broadcasting, cable television, satellite and microwave communications, and cellular telephones. As of August 1995, the FCC had held four auctions. The first three, held in the summer and fall of 1994, resulted in high bids of \$617 million, \$249 million, and \$395 million, respectively. The most recent auction, held from December 1994 to March 1995, resulted in high bids of more than \$7 billion. (The high bids approximate but may not be exactly the amount that the federal government will collect, since some bidders may default, and some licenses may be auctioned again.) The auctions of licenses to use the electromagnetic spectrum will substantially increase user charge collections. However, because of the timing of the auctions and subsequent payments for licenses, the increases first show up in data for 1995. The collections are offset against total outlays, not against the FCC's outlays. The Congressional Budget Office estimates that they will amount to \$7.6 billion in 1995.

