

GAO Highlights

Highlights of [GAO-17-268T](#), a testimony before the Subcommittee on Government Operations and the Subcommittee on Health Care, Benefits, and Administrative Rules, Committee on Oversight and Government Reform, House of Representatives

Why GAO Did This Study

Congress exercises its constitutional power of the purse by appropriating funds and prescribing conditions governing their use. Through annual appropriations and other laws that constitute permanent appropriations, Congress provides agencies with authority to incur obligations for specified purposes. The federal government receives funds from a variety of sources, including tax revenues, fees, fines, penalties, and settlements. Collections from fees, fines, penalties, and settlements involve billions of dollars and fund a wide variety of programs.

The design and structure—and corresponding agency flexibility and congressional control—of these statutory authorities can vary widely. In many cases, Congress has provided agencies with permanent authority to collect and obligate funds from fees, fines, and penalties without further congressional action. This authority is a form of appropriations and is subject to the fiscal laws governing appropriated funds. In addition, annual appropriation acts may limit the availability of those funds for obligation. Given the nation’s fiscal condition, it is critical that every funding source and spending decision be carefully considered and applied to its best use.

This testimony provides an overview of key design decisions related to the use of federal collections outlined in prior GAO reports, with examples of specific fees, fines, and penalties from GAO reports issued between September 2005 and November 2016.

View [GAO-17-268T](#). For more information, contact Heather Krause at (202) 512-6806 or krauseh@gao.gov or Edda Emmanuelli Perez at (202) 512-2853 or emmanuellipereze@gao.gov.

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FEDERAL FEES, FINES, AND PENALTIES

Observations on Agency Spending Authorities

What GAO Found

GAO’s prior work has identified four key design decisions related to how fee, fine, and penalty collections are used that help Congress balance agency flexibility and congressional control.

Key Design Decisions for Use of Collections

Use of collections

What Congressional action triggers the use of collections?	What is the period of availability for the collections?	For what purposes may the collections be used?	To what degree will Congress limit the amount of collections that can be used?
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Source: GAO | GAO-17-268T

One of these key design decisions is the congressional action that triggers the use of collections. The table below outlines the range of structures that establish an agency’s use of collections and examples of fees, fines, and penalties for each structure.

Design Decision on Agency Use of Fees, Fines, and Penalties and Related Examples

Design decision: Congressional action triggering use of collections	Example of fee, fine, or penalty
Collections deposited to the Treasury as miscellaneous receipts	Civil monetary penalty payments from financial institutions received by certain financial regulators
Collections dedicated to the related program with availability subject to further appropriation	Food and Drug Administration prescription drug user fees
Collections dedicated to the related program and available without further congressional action (i.e., a permanent appropriation)	National Park Service fees
Collections available based on a combination of these authorities	Department of Justice Drug Enforcement Administration Diversion Control fees

Source: GAO analysis of applicable laws | GAO-17-268T

As GAO has previously reported, these designs involve different tradeoffs and implications. For example, requiring collections to be annually appropriated before an agency can use the collections increases opportunities for congressional oversight on a regular basis. Conversely, if Congress grants an agency authority to use collections without further congressional action, the agency may be able to respond more quickly to customers or changing conditions. Even when an agency has the permanent authority to use collections, the funds remain subject to congressional oversight at any point in time and Congress can place limitations on obligations for any given year.