

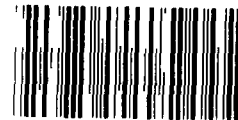
GAO

Fact Sheet for the Chairman of the
Subcommittee on Government
Information, Justice, and Agriculture,
Committee on Government Operations,
House of Representatives

April 1987

FREEDOM OF INFORMATION

Cost of Collecting and Processing Fees



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United States
General Accounting Office
Washington, D.C. 20548

General Government Division

B-221963

April 7, 1987

The Honorable Glenn English
Chairman, Subcommittee on Government
Information, Justice, and Agriculture
Committee on Government Operations
House of Representatives

Dear Mr. Chairman:

This fact sheet responds to your October 22, 1986, letter and subsequent discussions with your office asking that we obtain information on what it costs the 13 cabinet-level departments, the Veterans Administration, and the General Services Administration to collect and process fees charged to citizens who request documents under the Freedom of Information Act (FOIA). The act allows agencies to charge reasonable standard fees related to their costs in fulfilling FOIA requests. Recent amendments to the act also require agencies not to charge FOIA requesters when the cost of collecting and processing the fee is equal to or greater than the fee itself.

In November 1986, the Office of Management and Budget (OMB) requested agencies to provide information on their costs of collecting and processing FOIA fees. We obtained the cost estimates submitted to OMB by 11 of the 15 agencies we were asked to cover. Because the Departments of State, Transportation, Treasury, and Agriculture had not responded to OMB's request at the time of our work, we contacted the FOIA officers for these agencies directly to obtain their cost estimates. The cost estimates provided by the 15 agencies ranged from "negligible" to \$25.00 for processing each individual fee and are itemized by agency in appendix I.

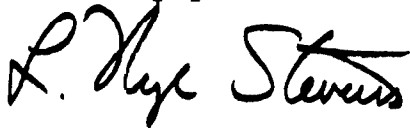
We also discussed the cost estimates with FOIA and other officials responsible for FOIA fees from each of the agencies. The officials we interviewed at 10 agencies either were not aware of how the cost estimates were derived or simply characterized their costs as "best estimates." Officials at four other agencies (Justice, Agriculture, Treasury, and Education) told us that some analyses has been conducted, although all steps in

collecting and processing the FOIA checks may not have been considered. Only one agency, Health and Human Services, was able to provide us with a detailed, step-by-step estimate. This estimate was prepared by the Health Care Financing Administration (HCFA) on the basis of an analysis of 8,600 requests processed during fiscal year 1985. As shown in appendix II, the analysis showed an estimated average cost of \$12.40 for each transaction.

The HCFA analysis illustrates the types of costs that it considered in its attempt to capture all relevant costs--costs of billing the requester, accounting for and processing the fee, preparing and mailing letters to requesters who are delinquent in their payments, and writing off uncollectible debts. The factors considered and their associated costs in other agencies might differ. For example, agencies might have different cost elements depending on variables such as internal organization and procedures. In addition, actual costs might vary due to different salary levels of employees performing various functions.

We confirmed the figures presented in this fact sheet with agency FOIA and financial officials but did not independently verify them. As arranged with your office, we plan no further distribution of this fact sheet until 30 days from the date of this letter unless you publicly announce its contents earlier. At that time, we will send copies to the Director, Office of Management and Budget, and to others who have an interest in the subject. If you have any questions, please contact Richard Caradine or me on 275-8676.

Sincerely yours,

A handwritten signature in black ink that reads "L. Nye Stevens". The signature is written in a cursive, slightly slanted style.

L. Nye Stevens
Associate Director

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ESTIMATES SUBMITTED TO OMB ON
AGENCY COSTS OF COLLECTING
AND PROCESSING FOIA FEES

Agriculture ^a	\$25.00
Commerce	\$16.00
Defense	\$ 5.00
Education	\$20.00
Energy	\$15.00
General Services Administration	\$10.00
Health and Human Services ^b	\$5.93-\$12.40
Housing and Urban Development	Negligible
Interior	\$15.00
Justice	\$11.00
Labor	\$ 3.00
State ^a	\$25.00
Transportation ^a	\$10.00
Treasury ^{a, b}	\$2.00-\$16.00
Veterans Administration	Negligible

^aAgency had not provided cost estimates to OMB as of January 20, 1987. We contacted the FOIA officer of the agency directly to obtain the cost estimate.

^bCost estimates vary by component organizations. HHS provided us with updated estimates after responding to OMB's request.

COST ESTIMATE PREPARED BY THE
HEALTH CARE FINANCING ADMINISTRATION

Cost of Normal Fee Collection - Requester Makes Timely Payment

<u>Task</u>	<u>Cost Elements</u>	<u>Cost (\$)</u>
1. Determine amount owed for FOI request	GS-9 @ \$11.64 ÷ approximately 20/hour	.60
2. Type invoice	GS-4 @ \$6.87 ÷ 20 invoices/hour	.34
3. Invoice development	GS-9 @ \$11.64 x 8 hrs. = \$93.12 ÷ 8,600 invoices	.01
4. Invoice with letter development	\$43.03 ^a ÷ 8,600	.01
5. Insert name on letter, sign, and date stamp	GS-4 @ \$6.87 ÷ 30/hour	.23
6. Stuff letter and invoice	GS-4 @ \$6.87 ÷ 210/hour	.03
7. Mail costs for:	- invoice .11 - letter .02 - envelope .04 - stamp <u>.22</u>	.39
8. Receive, stamp, and route invoice copies	GS-4 @ \$6.87 x 40/60 hr. x 260 days ÷ 8,600	.14
9. Log in number and amount of invoices	GS-5 @ \$7.68 x 40/60 hr. x 260 days ÷ 8,600	.15
10. Enter receivables into system	GS-5 @ \$7.68 ÷ 10/hr.	.77
11. File invoice after checking listing	GS-5 @ \$7.68 ÷ 10/hr.	.77

^aSee item 32 for detailed cost estimate for writing a letter.

<u>Task</u>	<u>Cost Elements</u>	<u>Cost</u>
12. Design receivable system	GS-13 @ \$19.68 x 90 hrs. = \$1,771.20 x 40% = \$708.48 ÷ 8,600	.08
13. Test and debug software	GS-13 @ \$19.68 x 1,300 hrs. = \$25,584 x 40% = \$10,234 ÷ 8,600	1.19
14. Update system	GS-13 @ \$19.68 x 100/hrs. = \$1,968 ÷ 8,600	.23
15. Receive, stamp in, and route receipts	GS-4 @ \$6.87 x 1 hr. x 260 days ÷ 8,600	.21
16. Log in, copy, and route receipts	GS-4 @ \$6.87 ÷ 20/hr.	.34
17. Deposit receipts	GS-4 @ \$6.87 ÷ 35 = .20 \$6.87 ÷ 25 = <u>.28</u>	.48
18. Make bank deposit	Proportion of bonded courier service cost allocated to FOIA	.40
19. Match invoice with check register	GS-5 @ \$7.68 ÷ 15/hr.	.51
20. Credit receipts to system	GS-5 @ \$7.68 ÷ 20/hr.	.38
21. Computer time	Porportion of computer costs allocated to FOIA check processing	.02
22. Reconcile unknown checks	GS-5 @ \$7.68 x (10% of 8,600 ÷ 3/hr. = 287 hrs.) = \$2,196 ÷ 8,600	.26
23. Cash reconciliation of Treasury 224/ledger	GS-9 @ \$11.64 x 60 hrs. ÷ 8,600	.08
24. Cash reconciliation line items	GS-9 @ \$11.64 x 500 hrs. = \$5,820 ÷ 8,600	.68
25. Reconcile general ledger	GS-13 @ \$19.68 x 25 hrs. = \$492 ÷ 8,600	.06

<u>Task</u>	<u>Cost Elements</u>	<u>Cost</u>
26. Phone calls/labor	GS-5 @ \$7.68 x 10/60 hr. x 8% of 8,600 or 688 ÷ 8,600	.10
27. Cost of phone calls	688 x .09 ÷ 8,600	.01
28. Technical debt collection support	GS-13 @ \$19.68 x 60 hrs. ÷ 8,600	.14
29. Supervision	GS-7 @ \$9.52 x 110 hrs. ÷ 8,600 = .12 GS-14 @ \$23.73 x 60 hrs. ÷ 8,600 = <u>.17</u>	.29
30. Management	GS-14 @ \$23.73 x 75 hrs. ÷ 8,600 .21 GS-15 @ \$27.92 x 50 hrs. ÷ 8,600 <u>.16</u>	.37
31. Plant and utilities	Proportion allocated to accounting for 8,600 FOIA invoices	<u>.09</u>
SUBTOTAL		\$9.36

Additional Cost to Agency to Collect Delinquent Fees,
Baseline 2,300 invoices, Second Demand

32. Develop dunning letter	GS-9 @ \$11.64 x 2.5 hrs. = \$29.10 GS-5 @ \$7.68 x 10/60 hr. = 1.27 GS-14 @ \$23.73 x 5/60 hr. = 1.89 GS-5 Redraft 10 min = 1.27 GS-14 @ \$23.73 x 5/60 hr. = 1.89 GS-15 @ \$27.92 x 15/60 hr. = 6.98 GS-5 Final \$7.68 x 5/60 hr. = <u>.63</u> \$43.03 ÷ 2,300 =	.02
33. Design acct. system	GS-13 @ \$19.68 x 100 hrs. = \$1,968 x 60% of time ÷ 2,300	.51
34. Testing and debugging acct. system software	GS-13 @ \$19.68 x 960 hrs. = \$18,892.60 x 60% of time = \$11,335.68 ÷ 2,300	4.92

<u>Task</u>	<u>Cost Elements</u>	<u>Cost</u>
35. Stuff envelope	GS-4 @ \$6.87 ÷ 210/hour	.03
36. Dunning letter costs:	letter .02 envelope .04 stamps <u>.22</u>	.28
37. File 2nd copy after checking verifying listing	GS-5 @ \$7.68 ÷ 10/hr.	.77
38. Receive, stamp in, and route receipts	GS-4 @ \$6.87 x 1 hour x 260 days ÷ 8,600	.21
39. Log in, copy, and route checks	GS-4 @ \$6.87 ÷ 20/hour	.34
40. Deposit receipts	GS-4 @ \$6.87 ÷ 35 = .20 \$6.87 ÷ 25 = <u>.28</u>	.48
41. Courier check run	FOIA bank deposit	.40
42. Credit receipts to system	GS-5 @ \$7.68 ÷ 20/hr.	.38
43. Match invoice with check register	GS-5 @ \$7.68 ÷ 15/hrs.	.51
44. Reconcile unknown checks - 5%	GS-5 @ \$7.68 x (2,300 x 5% = 115 x 20/60 hr. = 38.3/hrs.) ÷ 2,300	.13
45. Computer time	Processing FOIA checks	.02
46. Skip tracing - 5%	GS-5 @ \$7.69 x (2,300 x 5% = 115 x 15 min. + 60 = 28.75 hrs.) ÷ 2,300	.10
47. Phone calls/labor	GS-5 @ \$7.69 x (15% of 2,300 = 345) x 10/60 hr. ÷ 2,300	.19
48. Cost of phone calls	345 x .09 ÷ 2,300	.01
49. Technical debt collection support	GS-13 @ \$19.68 x 30 hrs. ÷ 2,300	.26

<u>Task</u>	<u>Cost Elements</u>	<u>Cost</u>
50. Supervision	GS-7 @ \$9.52 x 40 hrs. ÷ 2,300 =	.16
	GS-14 @ \$23.73 x 15 hrs. ÷ 2,300 =	<u>.15</u> .31
51. Management	GS-14 @ \$23.73 x 12 hrs. ÷ 2,300 =	.12
	GS-15 @ \$27.92 x 12 hrs. ÷ 2,300 =	<u>.14</u> .26
52. Plant and utilities	Proportion allocated to 2,300 second demand letters	<u>.02</u> \$10.15
Total cost for 2,300 second demand letters @ \$10.15 = \$23,345. Prorated over 8,600 invoices.		\$2.71
<u>Additional Cost to Agency to Collect Delinquent Fees, Third Demand</u>		
53. Same as items 32-52 minus items 33 and 34. Cost of \$4.72 for each of an estimated 250 third demand letters = \$1,180. Prorated over 8,600 invoices.		.14
54. <u>Administrative Cost to Write Off a Debt</u>		
Case file development	GS-9 @ \$11.64 x 15/60 hr.	\$2.91
Case Review	GS-13 @ \$19.64 x 10/60 hr.	3.26
Federal Claims Collection Act decision memo approval		.03
	GS-15 @ \$27.92 x 5/60 hr.	<u>2.31</u> \$8.51 per case
Total cost of writing off an estimated 188 debts (75 percent of the third demand letters) equals \$8.51 times 188 or \$1,600. Prorated over 8,600 invoices.		<u>.19</u>
Total estimated average cost of collecting and processing FOIA fees		<u>\$12.40</u>

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