



Testimony

Before the Committee on Oversight and  
Accountability, House of  
Representatives

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For Release on Delivery  
Expected at 10:00 a.m. CT  
Thursday, March 28, 2024

# ARMY CORPS OF ENGINEERS

## Actions Needed to Better Align Management of Real Estate Administrative Fees with Key Practices

Statement of Andrew Von Ah, Director, Physical  
Infrastructure

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Chairman Comer, Ranking Member Raskin, and Members of the Committee:

I am pleased to be here today to discuss our recently issued report on fees that the U.S. Army Corps of Engineers (Corps) charges individuals, businesses, and state and local governments using the Corps' real estate. These 65,000-plus users may include the owner of a private marina on a lake or a utility company with power lines crossing a canal, all located at one of the Corps' hundreds of civil works projects.

The Corps charges real estate administrative fees (administrative fees) to cover its expenses for approving and overseeing these uses.<sup>1</sup> Most of the work of managing administrative fees is handled by the Corps' division and district offices. The Corps' administrative fees are a type of federal user fee, that is, a charge assessed by a federal agency against a party that directly benefits from a government program or activity. Other examples of federal user fees are food inspection fees and fees to enter a national park. Some marina owners have raised concerns that the Corps' administrative fees are excessive, inconsistent, and lack justification and transparency.

This statement summarizes findings from our December 2023 report on the extent to which the Corps manages its administrative fees following key considerations and practices for setting fees, reviewing and updating fees, and sharing information with the public and fee payers about fees.<sup>2</sup> For that report, we reviewed policy documents and interviewed officials from the Corps' headquarters and selected divisions and districts. The three selected divisions collected the most fees in fiscal years 2018–2022, and the six selected districts had the highest number of fee payers for the same fiscal years. We also interviewed a sample of fee payers.

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<sup>1</sup>In connection with certain real property transactions with a non-federal person or entity, the Secretary of a military department may accept amounts provided by the person or entity to cover administrative expenses incurred by the Secretary in entering into the transaction. This authority applies to the following types of real property transactions: 1) the exchange of real property; 2) the grant of an easement over, in, or upon real property of the United States, 3) the lease or license of real property of the United States, 4) the disposal of real property of the United States for which the Secretary will be the disposal agent, and 5) the conveyance of surplus real property for natural resource conservation under 10 U.S.C. § 2694a. 10 U.S.C. § 2695. In certain circumstances, the Corps allows for the partial or complete waiver of such fees—for example, for real estate transactions that provide a public benefit or serve a project purpose that primarily or exclusively benefits the Corps.

<sup>2</sup>GAO, *Army Corps of Engineers: Better Alignment with Key Practices Would Improve Management of Real Estate Administrative Fees*, [GAO-24-106188](#) (Washington, D.C.: Dec. 8, 2023).

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We compared the information collected to key considerations and practices in GAO's design guide for federal user fees and other federal guidance.<sup>3</sup> For example, one practice is that agencies should select and consistently use a costing methodology when setting fees. Agencies should also regularly review and, as appropriate, update fees to ensure they remain aligned with costs. Finally, agencies should share relevant analysis and information with stakeholders to help assure them that the fees are set fairly and accurately. Additional information on our scope and methodology can be found in our December 2023 report. Our work was performed in accordance with generally accepted government auditing standards.

The Corps typically charges a "standard" administrative fee—a predetermined amount that is typically listed on a fee schedule—for transactions that are routine or lower-effort, such as a license for a walkway to the shore of a Corps project. Standard administrative fees can range from several hundred to several thousand dollars. The Corps typically charges a "custom" administrative fee—based on a cost estimate specific to the individual use—for transactions that require a greater effort or coordination across multiple Corps entities, such as building a new park or marina. Custom administrative fees can range from thousands to tens of thousands or, in rare instances, hundreds of thousands of dollars. The Corps' total administrative fee revenue averaged about \$6 million annually during fiscal years 2018 to 2022, with a median fee amount around \$400.

In brief, Mr. Chairman, our work has found that Corps divisions and districts do not consistently follow key considerations and practices for federal user fees.

- First, selected districts use inconsistent inputs to set fees. The districts generally set administrative fees by estimating the Corps' costs using activity, time, and hourly labor rate inputs. However, the specific inputs used to estimate costs differed across districts. For example, two selected districts include the cost of compliance inspections, while the other four do not. This may result in disparate fees across districts for similar real estate transactions.

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<sup>3</sup>See GAO, *Federal User Fees: A Design Guide*, [GAO-08-386SP](#) (Washington, D.C.: May 29, 2008); Office of Management and Budget Circular No. A-25, *User Charges*, 58 Fed. Reg. 38142 (July 15, 1993); The Federal Accounting Standards Advisory Board, *FASAB Handbook of Federal Accounting Standards and Other Pronouncements, as Amended, Statement of Federal Financial Accounting Standards No. 4: Managerial Cost Accounting Standards and Concepts* (Washington, D.C.: June 30, 2022); and Department of Defense, *User Fees*, DOD 7000.14-R, Vol. 11A, Ch. 4 (Washington, D.C.: June 2020).

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- Second, the Corps does not regularly review and update fees. Almost none of the selected divisions and districts regularly reviewed and, as appropriate, updated administrative fees. Officials from one district noted that, as a result, its fee amounts have not kept up with its cost increases. The Corps also does not generally provide opportunities for stakeholder input on administrative fees.
  - Third, the Corps does not consistently share information on administrative fees with the public and fee payers. Less than half of the selected divisions and districts posted administrative fee information—including the amount of the fees—on their websites. In addition, selected districts generally do not share detailed information so that payers can understand the rationale for administrative fees.

In most cases, we found that the Corps' agencywide policies for administrative fees lacked detail or direction to divisions and districts on how to set, review, and share information on administrative fees.

By developing policies that better align with key considerations and practices, the Corps could improve the perceived equity and transparency of its administrative fees. For example, by regularly reviewing its fees, the Corps could better ensure it recovers its costs and does not significantly overcharge or undercharge payers. In addition, by sharing information on the fees on its websites, the Corps could make the purpose and amount of the fees transparent to the public, including fee payers.

Consistent with our findings in our December 2023 report, we made the following six recommendations to the Corps:

1. *Standardize how divisions and districts estimate the costs on which administrative fees are based.* The Corps agreed with this recommendation and plans to develop a policy specifying which activities to include in cost estimates and how to account for the durations of the activities.
2. *Improve tracking of costs for which it charges standard administrative fees.* The Corps agreed with this recommendation and plans to either modify its existing systems or develop a new system to track such costs, depending on what it determines about the relative feasibility and cost of each of those options.
3. *Require divisions or districts to regularly review and, as appropriate, update their administrative fees.* The Corps agreed with this recommendation and plans to develop a policy with such a requirement.

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4. *Periodically provide opportunities for stakeholder input on real estate administrative fees.* The Corps partially agreed with this recommendation, stating that providing opportunities for stakeholder input on administrative fees only makes sense when it has discretion to set fees below costs. The Corps can do this when the use benefits the public—for example, a public park or a commercial concession. Accordingly, the Corps plans to develop a process to receive feedback from stakeholders related only to such transactions. We maintain the recommendation is warranted regarding the Corps' administrative fees in general. Opportunities for stakeholder input are always beneficial because they allow users to provide input on the Corps' management of fees, for example, how the Corps informs users about fees.
  5. *Require that division and district websites provide information about administrative fee amounts and how they set those amounts.* The Corps agreed with this recommendation and plans to develop a policy to address it.
  6. *Require districts to provide information to fee payers on the purpose of the fee, which administrative activities the fee will cover, and a breakdown of the fee amount.* The Corps agreed with this recommendation and plans to develop a policy with such a requirement.

The Corps plans to issue the policy that addresses recommendations 1, 3, 4, 5, and 6 in June 2025. However, because the Corps has not yet decided how it will implement recommendation 2, it does not have an estimated implementation date for that recommendation.

In conclusion, the Corps has an opportunity to improve the consistency and transparency of administrative fees by updating policies and developing processes to align with the key considerations and practices described in our report. We will periodically follow up with the Corps on its plans and actions to implement our recommendations, and we will keep the Committee apprised of what we learn.

Chairman Comer, Ranking Member Raskin, and Members of the Committee, this completes my prepared statement. I would be pleased to respond to any questions that you may have at this time.

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## GAO Contact and Staff Acknowledgments

If you or your staff have any questions about this testimony, please contact Andrew Von Ah, Director, Physical Infrastructure at (202) 512-2834 or [VonAhA@gao.gov](mailto:VonAhA@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this testimony are Joanie Lofgren (Assistant Director), David Goldstein (Analyst-in-Charge), and Amy Rosewarne. Additional contributors to the prior work on which this testimony is based are listed in our December 2023 report.

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