



Fees and Rates - Accountable Budget Process

General Government Appropriations Subcommittee

Ivan Djambov and Alejandra Rodriguez | Interim 2025

Introduction

Due to a high level of interest in fees and rates during the 2025 General Session, the General Government Appropriations Subcommittee requested that the accountable budget process for the 2025 interim consist of a comprehensive review of the agency fees and Internal Service Fund (ISF) rates overseen by the subcommittee.

Each year, the Utah Legislature approves nearly 5,000 fees and ISF rates that function much like taxes, generating hundreds of millions of dollars from Utah citizens, businesses, and government entities. Despite their significant fiscal and policy impact, the current fee-setting process does not consistently provide legislators—or the public—with the complete, accurate, and timely information necessary for sound oversight and accountability.

In recent years, strides have been made towards improving the fee setting process, including developments to the fee management system, increased guidance for agencies, and revisions of statute. The recommendations described in this report aim to address the remaining issues with one comprehensive plan to create the ideal fee system.

The key issues with the current process include incomplete or inconsistent fee and ISF data, a lack of systemic reporting of actual costs and revenues, wide variance in financial tracking practices among agencies, and limitations in analysis and transparency due to an outdated fee management system. These gaps make it difficult to determine whether fees are aligned with program costs, whether overcharges or subsidies are occurring, and how revenues are being used.

Summary of Recommendations

1. [Strengthen statutory requirements:](#)
 - a. [Provide details for all fees and ISF rates.](#)
 - b. [Start reporting actual costs and revenues.](#)
 - c. [Authorize the grouping of fees.](#)
 - d. [Ensure fee details are complete and accurate.](#)
2. [Improve financial tracking and training.](#)
3. [Replace the current fee system.](#)
4. [Develop an interactive dashboard for fee transparency.](#)
5. [Expand legislative review and approval timeframe.](#)
6. [Request report from the ISFs comparing rates to the private market.](#)

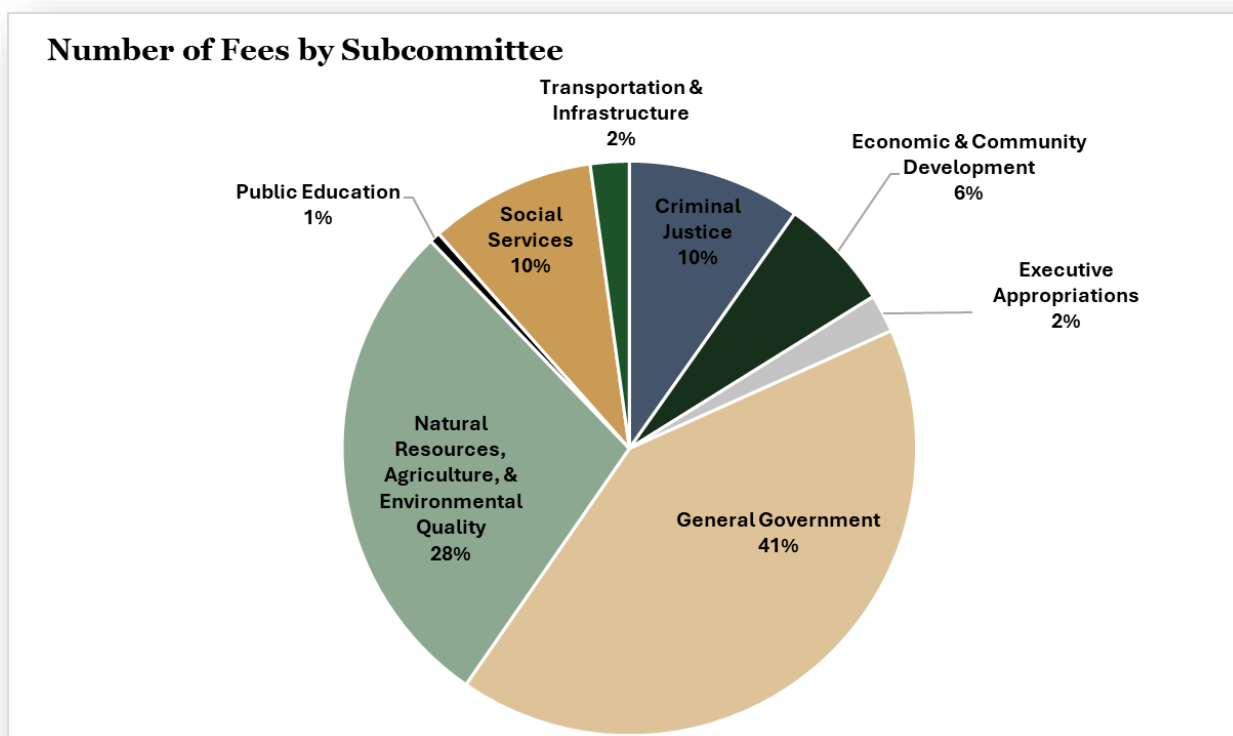
Implementing these reforms would create a consistent, accurate, and timely flow of information to policymakers and the public, ensuring that fees are fair, justified, and clearly linked to the costs of the services they fund.

Background

For this review, the primary focus was on the fees that are overseen by the General Government Appropriations Subcommittee. However, the recommendations proposed would impact all appropriations subcommittees.



The General Government Appropriations Subcommittee oversees the largest share of fees and ISF rates, accounting for approximately 41% of all state fees. The largest contributor to this share is the Department of Government Operations (DGO), which manages all of the state's ISFs, with the exception of the Attorney General's ISF.



Fees vs. ISF Rates

There are important distinctions between fees and ISF rates in both their purpose and revenue sources.

Fees, as defined under [63J-1-504](#), are charges assessed to the public or regulated entities to recover the costs of services or regulatory functions. These fees generate revenue from external sources such as citizens and businesses.

There are two types of fees: service fees and regulatory fees.

- Service fees: Charged to cover the direct costs of specific services requested by the payer, like licensing or facility use.
- Regulatory fees: Support an agency's oversight and enforcement activities. These fees fund programs that regulate businesses and professions to ensure public safety and compliance.



ISF rates, governed under [63J-1-410](#), are charges billed internally to state agencies for centralized support services including IT, payroll, and purchasing. Revenues from ISF rates come from interagency transactions within state government.

State agencies are required by statute to use the services provided by ISFs, which were created to centralize administrative functions, leverage economies of scale, and reduce overall costs to the state. Because usage of ISFs is mandatory, it is essential that these funds operate efficiently and maintain transparency and accountability for their user agencies—other state government entities relying on their services.

The annual review and approval of ISF rates are conducted by a Rate Committee established under [63A-1-114](#). This committee is primarily made up of representatives from the ISF user agencies, ensuring those who consume the services have input in setting rates that accurately reflect service costs. Following committee review, rates proceed through the legislative budget approval process.

The figure below shows the number of FY 2026 fees by agency and by type within the General Government Appropriations Subcommittee.

	ISF	Regulatory	Service	Grand Total
060 - Governor's Office		8	20	28
120 - Tax Commission		27	44	71
150 - Dept of Government Operations	599		266	865
660 - Labor Commission		64	7	71
670 - Dept of Commerce		630	16	646
680 - Dept of Financial Institutions		19	1	20
690 - Dept of Insurance		114	13	127
700 - Public Service Commission		1		1
090 - State Auditor			4	4
Grand Total	599	863	371	1833

Statutes

Statute ([63J-1-504](#)) directs that “A service fee or regulatory fee charged by a fee agency shall:

- (i) be reasonable and fair;
- (ii) reflect and be based on the agency’s cost for the fee; and
- (iii) be established according to a cost formula determined by the executive director of the Governor’s Office of Planning and Budget and the director of the Division of Finance, in conjunction with the fee agency proposing the fee.”

This cost formula, detailed in the Division of Finance’s Revenue Accounting policies under [FIACCT 07-10.00](#), is:



- Fee Amount = (Direct Costs + Indirect Costs) / Expected Number of Charges

The statutory definition for agency's cost is: "all of a fee agency's direct and indirect costs and expenses for providing the goods or service for which the fee agency charges a fee or for regulating the industry in which the persons paying the fee operate, including:

- (i) salaries, benefits, contracted labor costs, travel expenses, training expenses, equipment and material costs, depreciation expense, utility costs, and other overhead costs; and
- (ii) costs and expenses for administering the fee."

Revenues by Agency and Fee Type

As part of this fee process review, the agencies overseen by the General Government Appropriations Subcommittee were asked to submit additional data on their fees. This data included actual amounts, quantities, and revenues for FY 2024. Year-end actuals are not otherwise reported to the Legislature, so staff were unable to verify the accuracy of the submitted amounts. The following figure shows the actual revenues for FY 2024, as reported by the agencies.

	ISF	Regulatory	Service	Grand Total
060 - Governor's Office		\$775,870	\$1,265,588	\$2,041,458
120 - Tax Commission		\$6,123,047	\$26,324,137	\$32,447,184
150 - Dept of Government Operations	\$296,184,353		\$57,976,599	\$354,160,952
660 - Labor Commission		\$10,153,046	\$4,970	\$10,158,016
670 - Dept of Commerce		\$41,853,344	\$5,058,117	\$46,911,461
680 - Dept of Financial Institutions		\$10,112,493		\$10,112,493
690 - Dept of Insurance		\$14,189,172	\$13,730	\$14,202,902
700 - Public Service Commission		\$200		\$200
090 - State Auditor			\$2,720,353	\$2,720,353
Grand Total	\$296,184,353	\$83,207,171	\$93,363,495	\$472,755,019

Are Fee Amounts Matching the Costs?

Agencies must indicate in Fee Prep whether a new or changing fee or ISF rate matches, exceeds (overcharges), or falls below (is subsidized) the cost of providing the service. The following figure summarizes agency-reported data for FY 2026. Expanding this analysis to include revenue amounts in each of the three categories would be helpful, but such data is not currently collected.



	Fee = Cost	Fee > Cost (Overcharge)	Fee < Cost (Subsidized)	Grand Total
090 - State Auditor	1			1
120 - Tax Commission	38		16	54
150 - Dept of Government Operations	746	19	43	808
660 - Labor Commission	15		56	71
670 - Dept of Commerce	67	21	1	89
680 - Dept of Financial Institutions			2	2
690 - Dept of Insurance	9	9		18
Grand Total	876	49	118	1043

The fee setting process is a combined effort between the Executive branch and the Legislative branch. In the first phase of the process, agencies work with the Governor’s Office of Planning and Budget (GOPB) to propose any changes to fees. GOPB oversees the data collection in the fee data system (Fee Prep) and guides agencies through the submission process. Once GOPB completes its review of the data, the Office of the Legislative Fiscal Analyst (LFA) is granted access to the submitted information. LFA analysts then review the data and compile reports to present to the Legislature, to inform the legislators as they vote to approve the state fees and rates.

1. Strengthen Statutory Requirements

Current state statute does not provide the robust requirements necessary to ensure fees and ISF rates are administered with a high degree of transparency and consistency. We identified several key issues: inconsistencies in data collection for new versus existing fees, the lack of data for actual costs and revenues, and administrative inefficiencies within the state’s fees database. The following recommendations aim to address these issues.

Provide Details for All Fees and ISF Rates

Tracking detailed fee and rates data—including costs, revenues, and quantities—is essential for effective fiscal oversight. Under current statute ([63J-1-504](#)), agencies are required to provide detailed information **only** for new or changing fees (see also Appendix). The required information includes:

- the **title or purpose** of the fee;
- the **present amount** of the fee;
- the **proposed new amount** of the fee;
- the **percent that the fee will have increased** if the Legislature approves the higher fee;
- the **estimated total annual revenue and total estimated annual revenue change** that will result from the changed fee;
- the **account or fund** into which the fee will be deposited;
- the **reason for the change** in the fee;

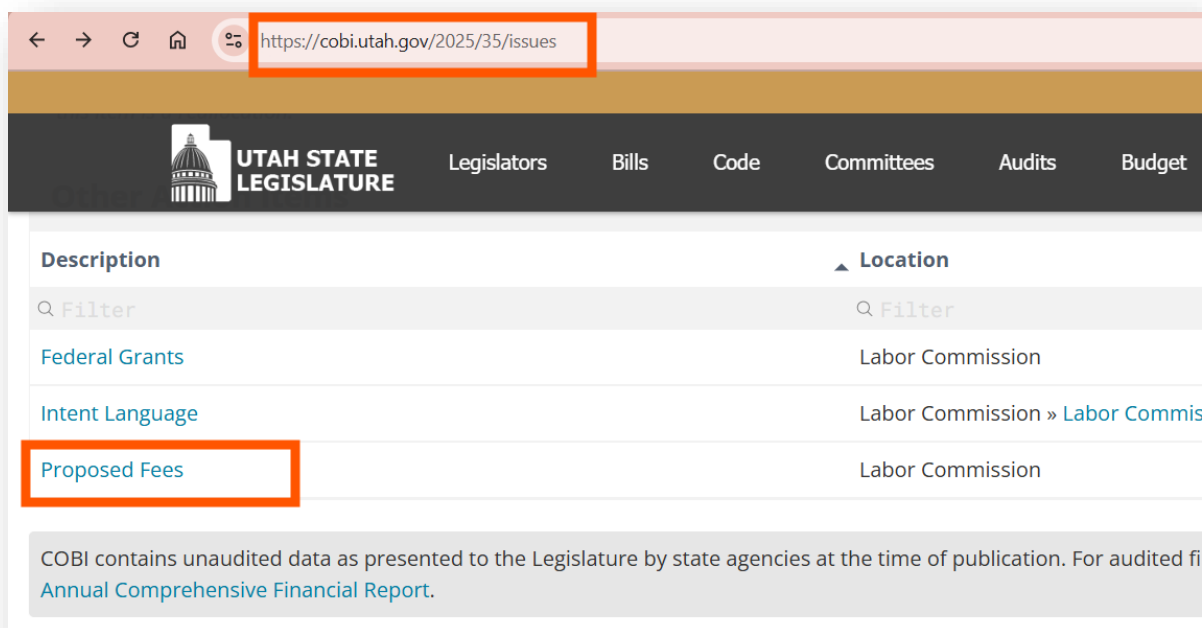


- the estimated **number of persons to be charged** the fee;
- the estimated **agency's cost** related to the fee;
- whether the fee is a **service fee or a regulatory fee**;
- whether the fee is **intended to cover the agency's cost** related to the fee;
- whether the fee agency **intends to subsidize** the fee to cover the agency's cost related to the fee and, if so, the fee agency's **justification for the subsidy**; and
- whether the fee agency set the fee at an amount that **exceeds the agency's cost** related to the fee and, if so, the fee agency's justification for the excess fee.

These additional pieces of information—such as the reason for the requested change, whether the amount is higher or lower than the agency's cost to provide the service (with justification), and where the revenues go—are key to legislators as they determine what the fee amount should be. Without such details, lawmakers lack the necessary context to evaluate fee fairness, alignment with actual costs, and the fiscal impact on both agencies and the public.

Although statute requires these details only for new or changing fees, the Governor's Office of Planning and Budget (GOPB) has encouraged agencies to voluntarily include this information for unchanged fees as well.

Submitted information is publicly available in the [Compendium of Budget Information](https://cobi.utah.gov/2025/35/issues) (COBI), for all fees within an agency, located under the Issues Tab. At the bottom of the page, a hyperlink titled "Proposed Fees" opens the complete list of fees (see the following image).





Fees with additional details appear as [hyperlinks](#); clicking any of these will display the full information for that specific fee (see the following image).

Proposed Fees				
Fee	Fee Type	Fee Amount	Fee Quantity	Fee Revenue
1. Electric 31 stops and over - new (per Unit)	Regulatory	1,671.6	1	1,671.6
2. Electric 21-30 stops - Routine (per Unit)	Regulatory	204	5	1,020
3. Electric 31 stops and over - remodel (per Unit)	Regulatory	1,194	1	1,194
4. Electric 11-20 Stops - Routine (per Unit)	Regulatory	153	20	3,060
5. Electric 11-20 stops - new (per Unit)	Regulatory	1,117.2	1	1,117.2
6. Electric 21-30 stops - new (per Unit)	Regulatory	1,394.4	1	1,394.4
7. Electric 11-20 stops - remodel (per Unit)	Regulatory	798	200	159,600
8. Electric 21-30 stops - remodel (per Unit)	Regulatory	996	200	199,200
9. Electric 31 stops and over - Routine (per Unit)	Regulatory	255	5	1,275
10. Industrial Accidents Division - Workers Compensation - Coverage Waiver (per unit)	Regulatory	50	3,700	185,000

As mentioned, these data requirements do not apply to existing, unchanged fees or to any ISF rates. This statutory gap leaves a significant portion of fees and ISF rates without additional information, hindering analysis and oversight (see the following figure). Applying these data standards to all fees and rates—not just new or changing fees—would provide valuable context for legislators and significantly improve transparency.

The following table shows the number of General Government fees that were approved for FY 2026. Internal Service Fund (ISF) rates make up the majority of the changes, as they are reviewed annually by the rate committee. Excluding ISF rates, only 199 fees were modified and therefore subject to additional data requirements.

	ISF	Regulatory	Service	Total
Fee Changed	552	93	106	751
No Change	47	770	265	1,082
Total	599	863	371	1,833



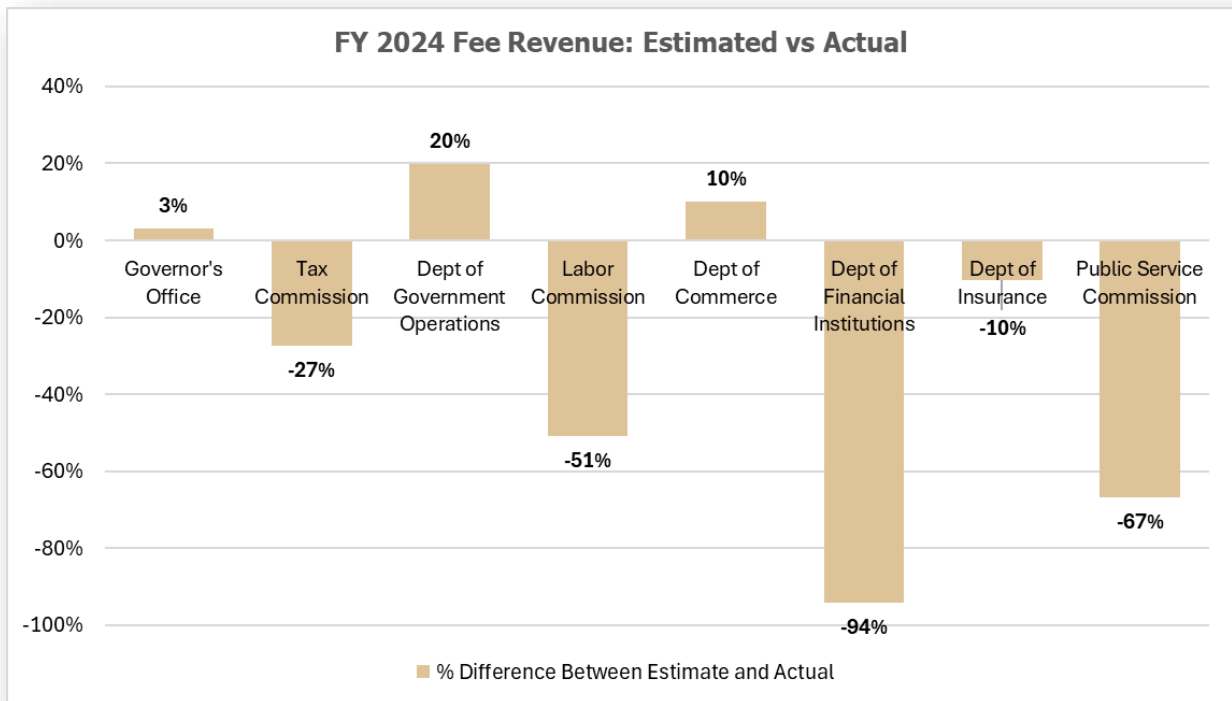
Recommendation: We recommend the Legislature consider expanding the statute to require the same data elements currently mandated for new or changing fees be collected and reported for all existing fees and all ISF rates.

Start Reporting Actual Costs and Revenues

Currently, no statutory requirement mandates agencies to report actual costs and revenues related to fees and ISF rates at the end of each fiscal year. This information is not collected in the existing process, making it difficult to assess whether fee amounts accurately reflect the true costs of the programs and services they support. Establishing annual reporting of actual revenues, costs, and quantities would create a vital feedback loop, enabling direct comparison of estimated versus actual figures and improving fiscal oversight.

Initially, agencies could provide this information from their own tracking systems, but ultimately, the data should be integrated and tracked within the state's accounting system for consistency and reliability.

The following figure demonstrates the variation between the total fee revenue amounts that were estimated and the actual amounts that were collected for fiscal year 2024. The estimated amounts were submitted in Fee Prep by agencies as part of the proposed fee schedule. The actual amounts were reported by the agencies at the request of legislative staff for this in-depth review. A difference of 10% indicates that the actual collections were 10% greater than what was estimated. It is evident that there can be large disparities between what was expected and what was collected. This could be valuable information to consider when assessing fees, but without any requirements for agencies to submit actual collection data, policymakers do not have real revenue values to compare to.



Recommendation: We recommend that the Legislature consider amending the statute to require agencies to report the actual costs, revenues, and quantities of each fee and ISF rate at the end of each fiscal year. Costs should include the overall expenditure of the program or service associated with the fee or rate, as defined by current statute.

Authorize the Grouping of Fees

Under current statute, agencies must provide supplemental information for each new or changing fee at the individual fee level. In practice, calculating these figures for certain fees can be difficult or impractical. In these instances, agencies have been grouping related fees into a "program" to generate the required information—a method not currently authorized by statute.

A statutory amendment formalizing this practice would allow agencies to continue grouping related fees when that is practical and necessary, while maintaining the expectation that fee-level detail is provided whenever possible. Clear guidelines on when and how grouping may be applied would preserve transparency and ensure consistent reporting across agencies.

Recommendation: We recommend the Legislature consider amending statute to authorize the grouping of multiple related fees when appropriate, with clear criteria and guidance to ensure the practice is used only when necessary and does not diminish the quality or completeness of fee information provided.



Ensure the Fees Details are Complete and Accurate

Three years after the passage of [H.B. 383 Agency Fee Assessment Amendments](#) (2022 GS), many agencies continue to struggle with meeting the statutory requirements for providing complete and accurate fee-related information. Due to factors such as insufficient training, limited instructions, and inadequate quality controls within the current fee management system (Fee Prep), the data submitted by agencies is frequently incomplete or inaccurate. Examples of common issues include:

Incorrect Revenue Estimates

Currently, Fee Revenue is calculated automatically as Fee Amount multiplied by Fee Quantity. While this has worked in most instances, it fails when the fee amount is entered as text rather than a number—producing inaccurate totals (see the Fee Revenue column in the following figure).

Proposed Fees

Fee	Fee Type	Fee Amount	Fee Quantity	Fee Revenue
1. Administration - Motor Vehicle Franchise Act - Application (per unit)	Regulatory	83	1	83
2. Administration - Motor Vehicle Franchise Act - Renewal (per unit)	Regulatory	83	500	41,500
23. Commerce Department - All Divisions - Government Records and Management Act Staff time to search, compile and otherwise prepare record (per unit)	Service	Actual Amount	1	
24. Commerce Department - All Divisions - GRAMA Electronic Record (per unit)	Service	Actual Cost	1	
246. Factory Built Housing - On-site Plant Inspection (per hour)	Regulatory	\$50 per hour plus expenses	10	
638. Other - Statute Booklet (per unit)	Regulatory	Actual Cost	1	
639. Other - Small Corp. Offering Registration (SCOR) (per unit)	Regulatory	Variable	1	
640. Other - Rules and form booklet (per unit)	Regulatory	Actual Cost	1	
641. Other - Postage and Handling (per unit)	Regulatory	Actual Cost	1	

This issue will grow in the future because [S.B. 283 Funds Amendments](#) (2025 GS) allows agencies to charge less than the amount listed in the fee bill, upon notifying the Governor's Office of Planning and Budget and the Office of the Legislative Fiscal Analyst. In such cases, system-generated estimates will be even less reliable.

Missing Supporting Details

Agencies are required to answer in Fee Prep the following questions for each program (group of fees):

- What is the full cost of administering this fee-supported program?



- How did you calculate the full program cost? Please include any applicable FINET coding that can be used to replicate the methodology.
- To what extent do you recover the cost of administering the program with fees?
- Please provide a justification if the fees subsidize other program activities or if the program is subsidized by other funding sources besides fees.

While most agencies provide this information, the level of detail and completeness varies, and some did not provide any information at all (see the following figure).

Dept of Insurance - Producer							
Cost: \$0							
Fee Name	Fee Type	Authorized Rate	Authorized Quantity	Proposed Rate	Proposed Quantity	Revenue Change	Percent Change
Producer - Producer - Agency - Producer - Agency - Full Line and Limited Line Initial or Biennial Renewal License (per unit)	Regulatory	75	1,800	75	1,800	\$0	0%
Criminal Background Check - Criminal Background Check - FBI Fingerprinting (per unit)	Regulatory	13.25	3,750	12	3,750	\$-4,687.5	-9.4%

Contradictory Information

In Fee Prep, agencies must identify whether a fee:

- “Is subsidized by other funding sources” if costs exceed revenue;
- “Fully cover the cost of services or regulatory activities” if costs match revenue;
- or
- “Subsidize other program activities” if revenue exceeds costs.

However, we’ve observed instances of contradictory information. For instance, in the following figure, an agency chose “Fully cover the cost of services or regulatory activities” but under Recovery Justification they stated, “the program has revenue that usually exceeds the cost of the program.” This discrepancy creates confusion about which piece of information—the selected option or the written justification—accurately reflects the program’s financial standing.



Dept of Insurance - Captive Insurers

The focus of the Captive Division is to implement the Utah Captive Insurance Companies Act and promote Utah as a domicile for captive insurance companies.

Cost: \$1,450,000 (Fully cover the cost of service or regulatory activities)

Methodology:

The program costs are calculated by combining all expenses under personnel, travel, current expense and IT current expense.

Recovery Justification:

The Captive Insurance program has revenue that usually exceeds the cost of the program and is returned to the General Fund.

Fee Name	Fee Type	Authorized Rate	Authorized Quantity	Proposed Rate	Proposed Quantity	Revenue Change	Percent Change
Captive Insurer - Captive Insurer - Initial License Application Review (per unit)	Regulatory	72	100	72	100	\$0	0%
Captive Insurer - Captive Insurer - Dormancy Certificate Annual Renewal (per unit)	Regulatory	2,500	100	3,625	100	\$112,500	45%

Inaccurate Calculations

One agency included an incorrect calculation: "Estimated revenue: \$2.00 x 250,000 = \$14,100."

Recommendation: We recommend the agencies start providing the estimated revenue amounts instead of being calculated by the system. We further recommend the state implement quality-control checks within the fee system to flag missing, inconsistent, or contradictory data before submission, and consider statutory changes to clarify data submission standards and strengthen accountability for accuracy.

2. Improve Financial Tracking and Training

There is currently no coordinated statewide effort to ensure that all revenues and associated costs for fees and ISF rates are recorded in the state's accounting system. Without this information, fiscal oversight is limited, and it is difficult to accurately assess the true financial impact of these charges. The state's accounting system is capable of tracking this data, but many agencies are unaware of its functionality or how to use it effectively.



In recent years, leadership in the Utah Department of Agriculture and Food (UDAF) made a concerted effort to explore the possibility of centrally recording both revenues and expenditures relating to fees in the state accounting system (then known as FINET). With guidance from the Division of Finance, UDAF successfully implemented a new data management process that was fully integrated with FINET. Now, UDAF can easily retrieve data on revenues and expenditures for each fee. Managers in the department have found this to be very useful in their day-to-day operations and in making data-driven adjustments to fee amounts. By using existing resources and staff, and with assistance from the Division of Finance, the department was able to implement this change without hiring additional staff.

Recommendation: We recommend agencies start using the state accounting system to track the revenues and expenditures of their fees and rates. We further recommend the Division of Finance provide the necessary training and assistance to agencies to help properly set up and track their fees and rates ensuring accurate, consistent, and transparent financial tracking statewide.

3. Replace the Current Fee System

The Fee Prep system currently used is outdated and inadequate to meet the data requirements of existing statute. It lacks the ability to generate custom reports and does not support the analytical functions necessary for legislative decision-making or public transparency.

Because Fee Prep is not integrated with the state's main accounting system, agencies must manually compile and upload data—an inefficient process that increases the risk of incomplete, inaccurate, or inconsistent information. This creates extra work for agency staff and legislative analysts alike, making it difficult to verify revenues, understand historical trends, or cross-check that fee amounts are aligned with actual agency costs.

Recommendation: We recommend the Legislature consider replacing Fee Prep with an integrated fee management system connected to the state's accounting system. The new system should support advanced analysis, custom reporting, and built-in data validation.

4. Develop an Interactive Dashboard for Fee Transparency

Currently, while some fee and ISF rate details are available in the [Compendium of Budget Information \(COBI\)](#), it can be difficult to locate, the data is static, and is often incomplete.

For legislators, these limitations mean that in-depth, side-by-side comparisons are nearly impossible in practice. When faced with approval of hundreds or thousands of fees—many with tax-like impacts—lawmakers cannot easily access historical comparisons, see variance from budgeted amounts, or drill down into the justification for each fee. As a result, important questions about appropriateness, sufficiency, or fairness of fee rates too often go unanswered, limiting both fiscal oversight and public accountability.

The goal is to make accurate, complete fee data available in a clear, easy-to-use format and in an easily located place, with enough lead time for legislators to review the information before making decisions.

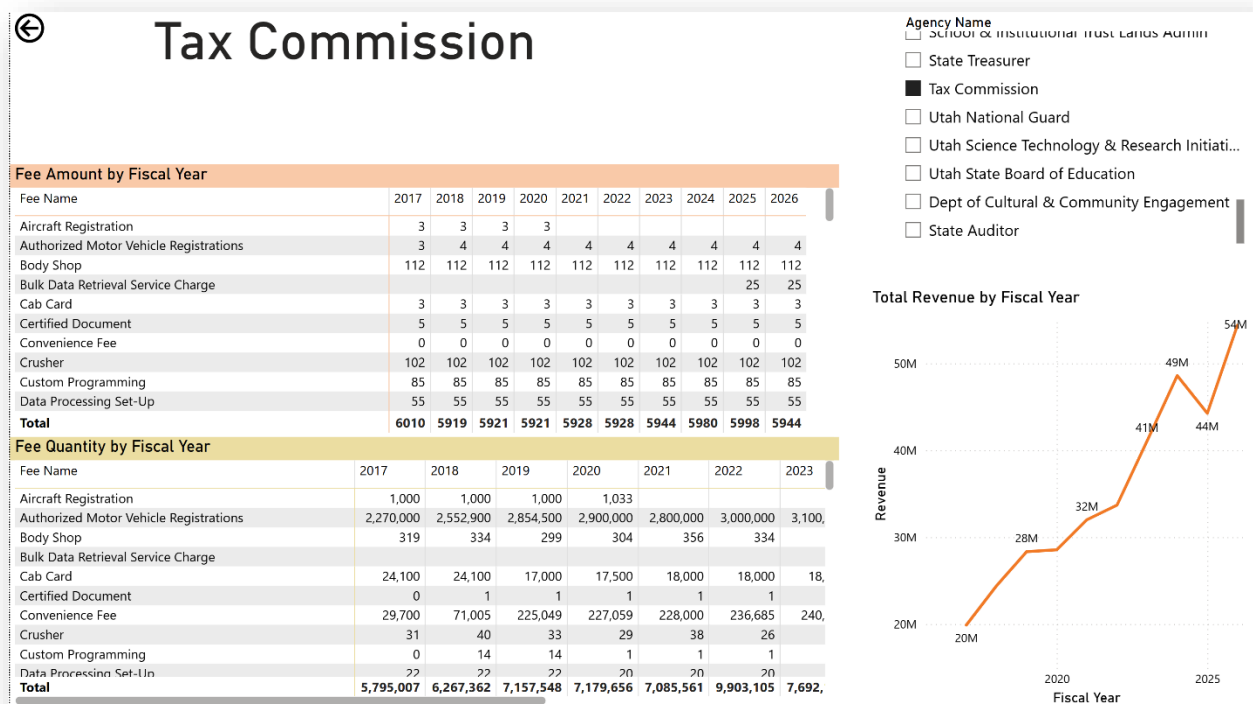


A publicly accessible, interactive dashboard would centralize this information for both policymakers and the public, providing a single, authoritative source of truth. Legislators could quickly review data on any fee—current and historical amounts, costs, revenues, justification, and statutory references—helping them make informed, timely decisions. The public would gain a clear understanding of the fees that affect them, fostering transparency and trust.

Enhanced accessibility would also broaden awareness of the state’s full fee structure. Policymakers could search and filter all fees by subject area, agency, or type, helping them understand fees outside of their usual appropriations subcommittee. In addition, seeing all of an agency’s fees in one place would give legislators greater insight into that agency’s daily operations and its interactions with the public, while giving citizens clear insight into charges that affect them.

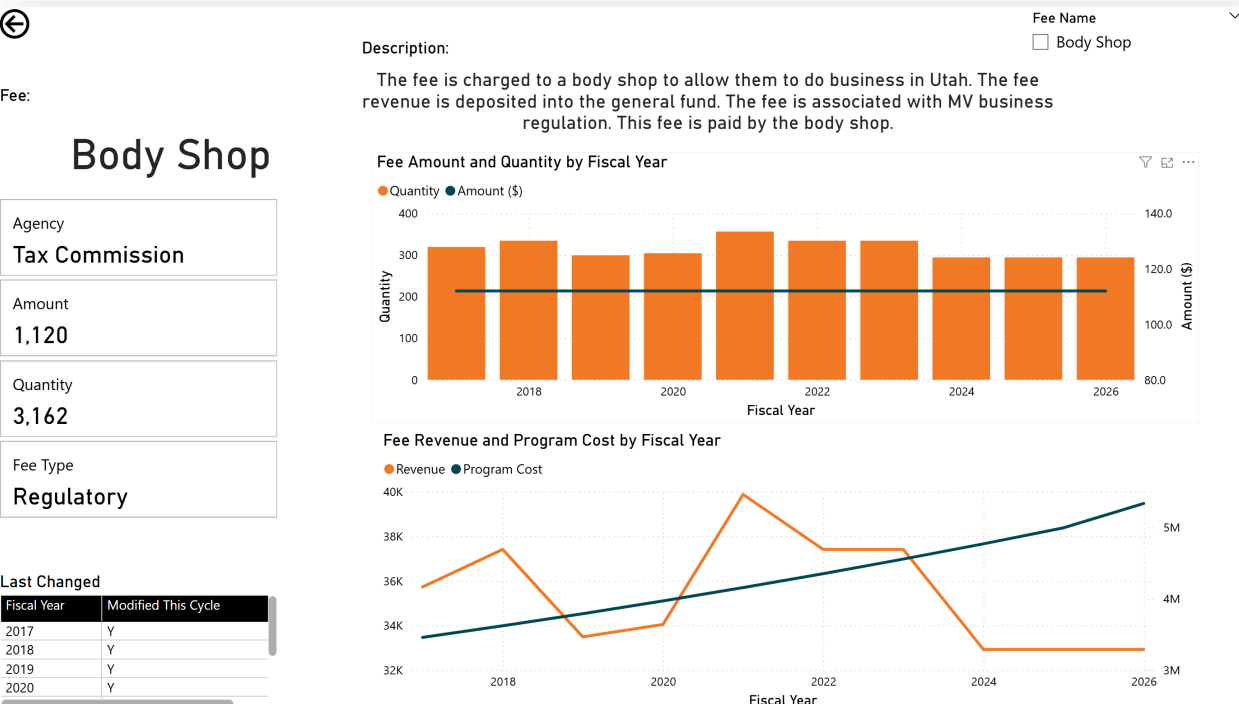
One of the key advantages of a dashboard would be its flexibility, enabling users to explore the information most relevant to their needs. A user could start with aggregate amounts at the subcommittee or agency levels and then navigate to lower-level pages for granular details on individual fees.

For illustrative purposes, the image below presents agency-level fee data as it might appear in a fee data dashboard, offering a comprehensive overview of the agency's fee schedule, including historical data on rates and quantities. The chart in the lower right corner presents total fee revenue by fiscal year for the agency.





In another example (see the following image), a user has drilled into a specific fee and can now view its description, quantity compared to the fee amount, revenue compared to the cost of the program, and more.



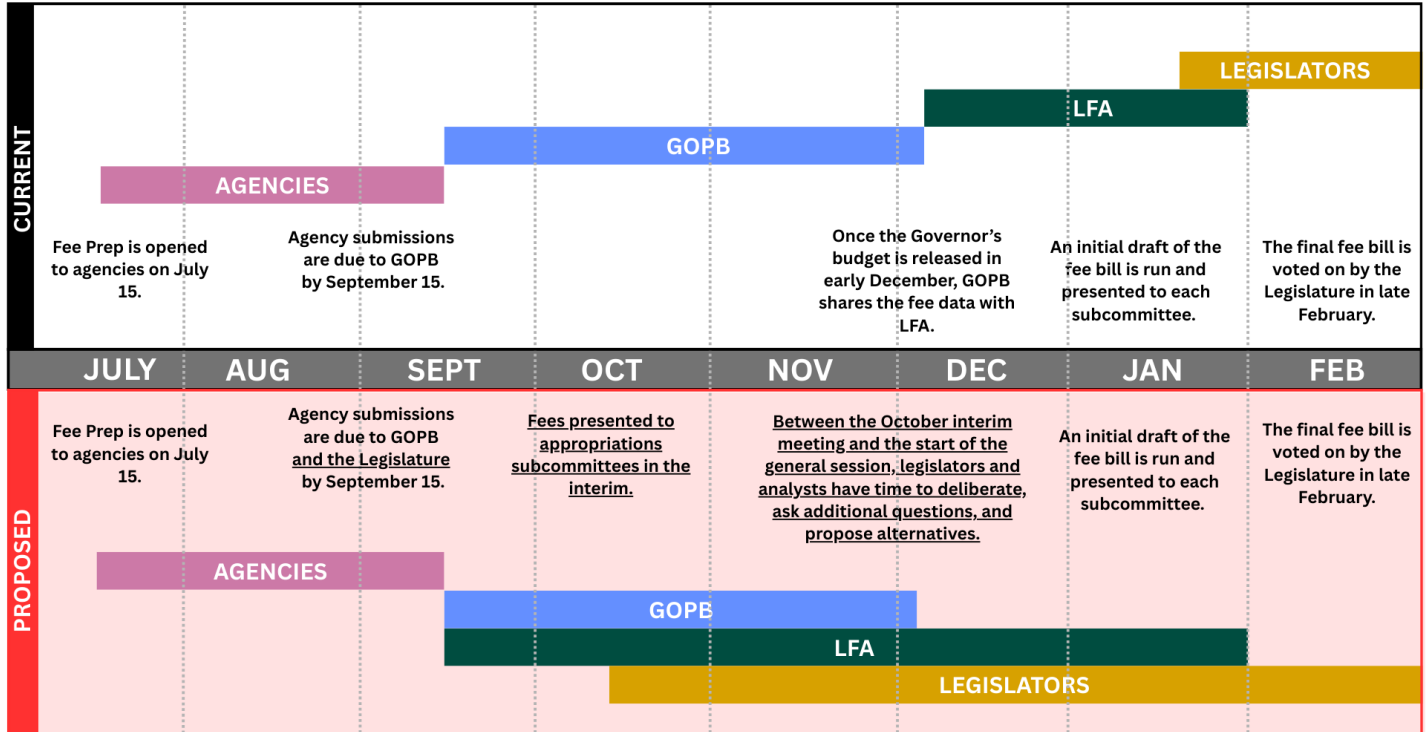
Recommendation: We recommend the Legislature direct the creation of a user-friendly, public dashboard that consolidates complete fee and ISF rate data in one location, with search, filter, and historical comparison tools, to give both legislators and the public timely, accurate, and accessible information.

5. Expand the Legislative Review and Approval Timeframe

Another key barrier to effective legislative oversight of agency fees and ISF rates is the time at which the legislative branch gains access to the fees data. Currently, the Governor’s Office of Planning and Budget (GOPB) collects and reviews fee submissions by mid-September, but the Office of the Legislative Fiscal Analyst (LFA) does not receive this data until the release of the Governor’s budget in December. This limits the amount of time available for LFA to analyze fee proposals and prepare reports for appropriations subcommittees. The following diagram depicts the current fee and rate-setting process at the top and provides proposed changes to the process at the bottom.



FEE & RATE SETTING PROCESS



The main changes in the proposed process are that LFA would gain access to agency fee and ISF rate data in September—more than two months earlier than under the current process, which would enable staff to provide analysis and reports to appropriations subcommittees in October. Legislators would also have access to the fees and ISF rates data in October rather than January, giving them more time to evaluate proposals and make well-informed decisions during the legislative general session.

Recommendation: We recommend the Legislature consider amending the statute to require agencies to provide the fee and ISF rates to the Office of the Legislative Fiscal Analyst by September 15th and encourage appropriations subcommittees to review fees during the interim.

6. Request Report from the ISF Comparing Rates to the Private Market

Although the fees of all state agencies contribute to the overall state budget, the state is perhaps most directly impacted by the ISF rates. Since all state agencies are required to work with ISFs, the rates that are set have a cascading effect on each budget. With that in mind, it is important that the Legislature consider the impact those rates may have on efficiency and internal decision making.



During the 2024 Interim, the Internal Service Funds managed by the Department of Government Operations (DGO) were the subject of the Accountable Budget Review for the Infrastructure and General Government Appropriations Subcommittee. As part of the review, a survey was distributed to the administrators and staff of governmental entities who interact with DGO's ISFs. The goal of the survey was to gauge the level of satisfaction ISF customers experience.

Overall, the results indicated that ISF customers were generally satisfied with the services they received. However, a few areas of improvement stood out, specifically on the topics of rates and billing. Amongst the free response comments, a common theme was either frustration or confusion about the rate setting process. Departments that did not have a representative on the rate setting committee expressed a lack of awareness of how rates were determined and the justification for rate increases. Additionally, there were differing perspectives regarding whether the services offered by the ISFs represented greater value compared to engaging a third-party vendor. The main takeaway was that without detailed information about the costs of the services, agencies were not able to make reasonable comparisons to market prices. If the purpose of the ISFs is to take advantage of economies of scale and improve efficiency, it seems important that the agencies involved feel the benefits of the system.

With the relevant data, agencies could verify concerns regarding overcharging. If confirmed, supporting data would be available for the Legislature to evaluate and decide on appropriate actions. Without valid comparisons, decisions are made without complete information.

Recommendation: We recommend the Legislature require the Department of Government Operations to assess the comparability of their Internal Service Fund rates to the private sector, and report back to the General Government Appropriations Subcommittee during the 2026 interim on options for implementing such comparisons.



Appendix

Data Requirements for New or Changing Fees/ISF Rates

Line	Fee Data Elements	Required by Statute?		Required in Fee Prep?	Displayed in COBI?	Comments	63J-1-504
		Fee	ISF				
1	Based on Costs & Cost Formula	Yes	No	No	No		2 b (ii), (iii)
2	Public Hearing	Yes	Yes	Yes	No		4 a
3	Fee Title	Yes	No	Yes	Yes		10 a (i)
4	Current Fee Amount	Yes	No	Yes	Yes		10 a (ii)
5	New Fee Amount	Yes	No	Yes	Yes		10 a (iii)
6	% Change	Yes	No	No	Yes	Calculated by simple formula but often inaccurate	10 a (iv)
7	Est. Fee Revenue	Yes	No	No	Yes	Calculated by simple formula but often inaccurate	10 a (v)
8	Est. Fee Revenue Change	Yes	No	No	Yes	Calculated by simple formula but often inaccurate	10 a (v)
9	Deposit Account	Yes	No	Yes	No		10 a (vi)
10	Reason for Change	Yes	No	Yes	No	Not included in COBI's Issues Tab	10 a (vii)
11	Est. Fee Quantity	Yes	No	Yes	Yes	Not verified	10 a (viii)
12	Est. Fee Costs	Yes	No	for a group	for a group	Not for every fee; grouped on a program level	10 a (ix)
13	Fee Type	Yes	No	Yes	Yes		10 a (x)
14	Cost Recovery Intent	Yes	No	for a group	for a group	Not for every fee; grouped on a program level	10 a (xi)
15	Fee Costs Subsidized?	Yes	No	for a group	for a group	Not for every fee; grouped on a program level	10 a (xii)
16	Explanation for Subsidizing Fee Costs	Yes	No	for a group	for a group	Not for every fee; grouped on a program level	10 a (xii)
17	Revenues Exceeding Costs?	Yes	No	for a group	for a group	Not for every fee; grouped on a program level	10 a (xiii)
18	Explanation for Revenue Exceeding Costs	Yes	No	for a group	for a group	Not for every fee; grouped on a program level	10 a (xiii)
19	Cost Calculations Details	No	No	for a group	for a group	Not for every fee; grouped on a program level; quality of details varies	-

Data Requirements for Fees/ISF Rates with No Changes

Line	Fee Data Elements	Required by Statute?		Required in Fee Prep?	Displayed in COBI?	Comments	63J-1-504
		Fee	ISF				
1	Based on Costs & Cost Formula	Yes	No	No	No		2 b (i), (ii)
2	Public Hearing	N/A	N/A	N/A	N/A		
3	Fee Title	No	No	Yes	Yes		
4	Current Fee Amount	No	No	Yes	Yes		
5	New Fee Amount	N/A	N/A	N/A	N/A		
6	% Change	N/A	N/A	N/A	N/A		
7	Est. Fee Revenue	No	No	No	Yes	Calculated by simple formula but often inaccurate.	
8	Est. Fee Revenue Change	N/A	N/A	N/A	N/A		
9	Deposit Account	No	No	Yes	No		
10	Reason for Change	N/A	N/A	N/A	N/A		
11	Est. Fee Quantity	No	No	Yes	Yes	Not verified	
12	Est. Fee Costs	No	No	No	No		
13	Fee Type	No	No	Yes	Yes		
14	Cost Recovery Intent	No	No	No	No		
15	Fee Costs Subsidized?	No	No	No	No		
16	Explanation for Subsidizing Fee Costs	No	No	No	No		
17	Revenues Exceeding Costs?	No	No	No	No		
18	Explanation for Revenue Exceeding Costs	No	No	No	No		
19	Cost Calculations Details	No	No	No	No		-