



Highlights of [GAO-08-63](#), a report to congressional requesters

### Why GAO Did This Study

As early as January 31, 2008, U.S. citizens will be required to present a passport or other approved document to enter the United States at all ports of entry. The Department of State (State) is developing a “passport card” as a means of establishing U.S. citizenship for individuals crossing U.S. land borders or arriving by sea from Canada, Mexico, the Caribbean, or Bermuda. State proposes to charge \$45 for the card, which would include a \$25 execution fee. Acceptance facilities, including State’s passport offices, as well as post offices and state courts, execute passport applications on State’s behalf, and retain this fee. GAO was asked to examine (1) the factors State considered when setting the proposed fee and (2) how execution cost data were developed. GAO reviewed current laws that authorize the setting of fees and met with State officials to determine how they set the execution fee. GAO also met with officials from State and the U.S. Postal Service (USPS) to discuss acceptance facility execution costs and how these costs were estimated.

### What GAO Recommends

To improve the transparency of execution cost estimates, GAO recommends that the Secretary of State provide additional documentation of key decisions in its forthcoming cost of service study. State agreed with GAO’s recommendation.

To view the full product, including the scope and methodology, click on [GAO-08-63](#). For more information, contact Jess Ford at (202) 512-4128 or [fordj@gao.gov](mailto:fordj@gao.gov).

## STATE DEPARTMENT

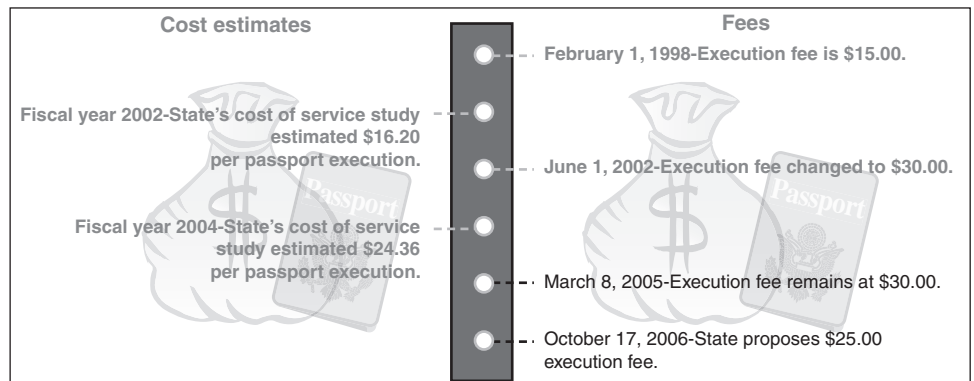
### Transparent Cost Estimates Needed to Support Passport Execution Fee Decisions

#### What GAO Found

State considered several factors, including congressional interest in having a low-cost travel document, when setting the proposed passport execution fee. State has proposed to reduce the current execution fee from \$30 to \$25, which would help the department to issue a lower cost passport card that meets the new documentation requirements. Consular officials told GAO that State made a commitment to Congress to issue a document that would be, at most, one-half the price of the current passport book, which costs \$97 for first time, adult applicants. To do this, State needed to reduce its fees, including the execution fee. Consular officials stated that State did not want to reduce the execution fee below \$25 because it wanted to recover its costs, which it estimated at \$24.36 per execution. In addition, the fee needed to be high enough to avoid jeopardizing State’s relationship with acceptance facilities, on which State depends to provide passport services. State concluded that \$25 would compensate acceptance facilities based, in part, on data from USPS that initially indicated its passport execution costs were about \$19, as well as a projected increase in application volume. USPS later told State that the \$19 figure did not include additional indirect costs.

GAO found that State’s most recent cost of service study, which estimated passport execution costs, lacked documentation of key decisions. Rigorous documentation increases an estimate’s credibility and helps support an organization’s decision-making process. Documentation of cost estimates should explicitly identify the primary methods, calculations, results, and rationales or assumptions. State was not able to provide documentation of critical components of the study’s methodology. For example, consular officials could not provide details of its survey used to estimate the time it takes to execute a passport, including how the data was used to arrive at the final time estimate. State has begun a new cost study that will provide updated estimates of execution costs.

State’s Prior Cost Estimates and Passport Execution Fees



Sources: GAO; Nova Development (clip art).