



Highlights of [GAO-09-180](#), a report to Congressional Requesters.

## Why GAO Did This Study

U.S. Citizenship and Immigration Services (USCIS) announced an increase to its immigration and naturalization application fees by an average of 86 percent, effective July 2007, contributing to a surge in application volume that challenged the agency's pre-adjudicative operations. In July 2007, the incoming application volume increased an unprecedented 100 percent over the prior month and the processing of 1.47 million applications was delayed. GAO was asked to review USCIS's current fee design and compare it to the principles in GAO's user-fee design guide and USCIS's management of operations affected by the new fees, specifically in projecting application volumes and contracting for application processing services. To do so, GAO reviewed legislation and agency documentation; compared the fee design to GAO's principles of effective user-fee design (equity, efficiency, revenue adequacy, and administrative burden); visited processing centers; and interviewed agency officials at these locations and in headquarters.

## What GAO Recommends

GAO is making seven recommendations to the Director of Homeland Security to improve the timing and comprehensiveness of its next fee review; analyze and use application projection information for workload purposes; and implement procedures to validate contractors' invoices for incoming mail. DHS agreed with GAO's recommendations.

To view the full product, including the scope and methodology, click on [GAO-09-180](#). For more information, contact Susan Irving at (202) 512-8288, [irvings@gao.gov](mailto:irvings@gao.gov).

## FEDERAL USER FEES

### Additional Analyses and Timely Reviews Could Improve Immigration and Naturalization User Fee Design and USCIS Operations

#### What GAO Found

USCIS's 2007 fee design reflects choices and trade-offs consistent with several of GAO's four user-fee design dimensions—efficiency, equity, revenue adequacy, and administrative burden. For example, in three areas the fee design reflects policy choices related to equity and administrative burden considerations: (1) the structure of fee exemptions and waivers, (2) limitations on certain fee increases for a population deemed unlikely to be able to pay, and (3) decisions about how costs were assigned among users. However, USCIS did not conduct the analyses necessary to fully inform congressional decision-making or internal deliberations on some key areas, such as the cost of activities funded by fees whose rates are set in statute. Notably, the \$1,000 fee for USCIS's premium-processing service for employment-based applications, which was the fifth largest single generator of funds for USCIS in fiscal year 2007, will be used for business process and technology improvements. As such, the additional costs of premium processing services are funded by nonpremium processing fee-paying applicants, raising equity concerns. Since USCIS has not identified the total costs of these services, the actual dollar amount being subsidized is unknown. The new fee design also does not allow for an appropriate "reserve" or carryover balance, to ensure the continuity of operations and cover fixed costs in the event of a decrease in applications, nor does it consider the costs associated with certain fee collection operations. According to USCIS's schedule, if the next review identifies a needed fee adjustment, it would occur in September 2009. However, USCIS did not provide documentation that would allow us to determine whether the 2009 fee review would address identified shortcomings in the 2007 fee review or whether the remaining time frames for key milestones, such as refining data and the proposed rulemaking schedule, are reasonable. Absent timely reviews, it is more likely that fees and costs will become misaligned, leading to costly challenges.

Projections of USCIS application volume have historically been developed and used as budget tools but do not effectively inform workload management efforts. Specifically, the projections do not identify monthly variations in application volume, despite variations that regularly exceed 20 percent and the serious operational challenges associated with application surges. USCIS's contractors do not receive workload projection information, despite requirements that processing centers shall maintain the capacity to accommodate "spikes" in receipt volumes that are anticipated at least 45 to 90 calendar days in advance. Further, USCIS projection documents do not consistently record critical information such as factors that drive application volume, inhibiting analysis that could improve projections over time.

Service-center contractors process USCIS mail and are paid according to a fixed unit price per piece. Contractors count up to 90 percent of incoming mail, but USCIS has not developed an agencywide standard operating procedure for validating the contractors' counts. As a result, USCIS is limited in its ability to verify that USCIS is receiving the service that it is paying for.