



Highlights of [GAO-09-70](#), a report to congressional requesters

## Why GAO Did This Study

The Department of Homeland Security's (DHS) U.S. Citizenship and Immigration Services (USCIS) is responsible for granting or denying immigration benefits to individuals. USCIS charges fees for the millions of immigration applications it receives each year to fund the cost of processing and adjudicating them. In February 2007, USCIS completed a study to determine the full costs of its operations and the level at which application fees should be set to recover those costs. USCIS's new fee schedule increased application fees by a weighted average of 86 percent. Almost 96 percent of USCIS's fiscal year 2008 budget of \$2.6 billion was expected to have come from fees. GAO was asked to review the methodology USCIS used in its fee review and controls in place over collection and use of fees. In this report, GAO addresses the consistency of the methodology with federal accounting standards and principles and other guidance, including whether key assumptions and methods were sufficiently justified and documented. The report also addresses internal controls USCIS has in place over the collection and use of fees.

## What GAO Recommends

GAO makes six recommendations to help USCIS make its costing methodology consistent with standards and principles, strengthen the reliability of the cost assignments it uses to set fees, and better support the reasonableness of its assumptions and methods. DHS and USCIS concurred with our recommendations.

To view the full product, including the scope and methodology, click on [GAO-09-70](#). For more information, contact Jeanette Franzel at (202) 512-9406 or [franzelj@gao.gov](mailto:franzelj@gao.gov).

## IMMIGRATION APPLICATION FEES

### Costing Methodology Improvements Would Provide More Reliable Basis for Setting Fees

#### What GAO Found

In 2007, USCIS completed a fee review in which USCIS estimated the costs of its immigration application processing and adjudication services and, in accordance with management's objective, set the fees at a level to recover those costs. The methodology USCIS used in its review, however, did not consistently adhere to federal accounting standards and principles and other guidance. While federal accounting standards allow flexibility for agencies to develop managerial cost accounting practices that are suited to their needs, they also provide certain specific guidance based on sound cost accounting concepts. USCIS's methodology, for example, did not include the costs paid by other federal entities on behalf of USCIS. Federal standards and guidance also call for documentation that is sufficient to allow an understanding of and provide justification for the cost assignment processes and data used. USCIS did not adequately document the detailed processes used or sufficiently justify assumptions used in allocating costs to various activities on a prorated basis. As a result, USCIS could not show that its methods provided a reasonable distribution of the costs to the various types of applications. For instance, USCIS allocated \$732 million of overhead costs (or 31 percent of total costs)—including information technology operations and maintenance—to offices based on the number of staff full-time equivalents (FTE) in each office. However, USCIS's documentation did not sufficiently justify (1) why cost allocation was used instead of other possible methods or (2) why it did not include about 6,100 contract workers and used only approximately 7,900 FTEs of the total federal FTEs of about 10,400 as the basis for allocation. USCIS also did not adequately justify the equal assignment of activity costs representing 51 percent of total costs to each application type. While such pro rata assignment of costs may be a reasonable method in some circumstances, USCIS did not document its justification for the assumptions made when deciding which costs to allocate on a prorated basis and how those costs should be allocated. Because of these inconsistencies with federal accounting standards and principles and other guidance, USCIS cannot support the reasonableness of cost assignments to the various application types.

USCIS has implemented accountability mechanisms to track the use of both regular application fees as well as premium processing fees intended for specific projects. USCIS plans to use its premium processing fee collections to fund its transformation program to make long-term improvements to its business processes and technology. Through its monitoring of fee collection procedures, USCIS has identified some weaknesses at one of its service centers. It has taken actions to strengthen service center controls in the short term, and it is moving all fee receipt functions and the application processing done in preparation for adjudication to lockbox facilities to further strengthen control over collections.