



# Reimbursable Fee Agreements

Fifth Semiannual

*March 24, 2016*

Fiscal Year 2015 Report to Congress



Homeland  
Security

*U.S. Customs and Border Protection*

# Message from the Deputy Commissioner of CBP

March 24, 2016

I am pleased to present the following report, “Reimbursable Fee Agreements,” which has been prepared by U.S. Customs and Border Protection (CBP).

The report has been compiled pursuant to language in Senate Report 112-169 accompanying the *Fiscal Year (FY) 2013 Department of Homeland Security (DHS) Appropriations Act* (P.L. 113-6). This is the fifth semiannual response to the requirements. This report discusses the procedures that CBP implemented after selection of the five partners for reimbursable fee agreements and the steps CBP took subsequent to the December 31, 2013, deadline to implement the five executed agreements. It also discusses the measures taken to fully implement the program and provides an overview of program activity as of June 27, 2015.



Pursuant to congressional requirements, this report is being provided to the following Members of Congress:

The Honorable John R. Carter  
Chairman, House Appropriations Subcommittee on Homeland Security

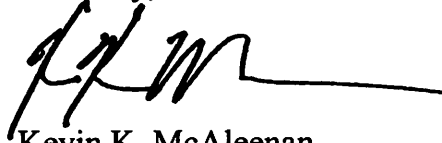
The Honorable Lucille Roybal-Allard  
Ranking Member, House Appropriations Subcommittee on Homeland Security

The Honorable John Hoeven  
Chairman, Senate Appropriations Subcommittee on Homeland Security

The Honorable Jeanne Shaheen  
Ranking Member, Senate Appropriations Subcommittee on Homeland Security

I would be pleased to respond to any questions you may have. Please do not hesitate to contact my office at (202) 344-2001 or the Department's Deputy Under Secretary for Management and Chief Financial Officer, Chip Fulghum, at (202) 447-5751.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. McAleenan', with a long horizontal line extending to the right.

Kevin K. McAleenan  
Deputy Commissioner  
U.S. Customs and Border Protection

# Executive Summary

Section 560 of the *FY 2013 DHS Appropriations Act* (P.L. 113-6) authorized the Commissioner of CBP to enter into five reimbursable fee agreements for certain CBP services by December 31, 2013. The entities selected for these partnerships were: Dallas/Fort Worth International Airport; City of El Paso, Texas; City of Houston Airport System; Miami-Dade County; and the South Texas Assets Consortium (STAC). All agreements were finalized by the statutory deadline. CBP implemented a “soft” launch at Dallas/Fort Worth International Airport on December 21, 2013, and full implementation at all locations began on January 26, 2014.

On December 23, 2014, the Commissioner of CBP and STAC entered into a new reimbursable fee agreement under Section 559 of the *FY 2014 DHS Appropriations Act* (P.L. 113-76), which supplanted the Section 560 agreement. As a result, CBP’s reimbursable services program reporting on STAC will be included under reporting requirements for Section 559.

Further, Section 552 of the *FY 2015 Department of Homeland Security Appropriations Act* (P.L. 114-4) amended Section 560(g) by authorizing the reimbursement under agreements at CBP-serviced airports for salaries, training, and benefits of individuals employed by CBP to support CBP officers in performing law enforcement functions at ports of entry (POE), including primary and secondary processing of passengers.

Program impacts have been positive, overall. Through June 27, 2015, CBP was able to provide an additional 32,366 CBP officer assignments at the request of Section 560 partners, which resulted in an additional 89,062 hours and CBP being reimbursed more than \$10.3 million in costs associated with the provision of those services. These figures include STAC through December 23, 2014.

On May 1, 2015, CBP surveyed the 10 individual Section 560 stakeholders participating in the first year of the Reimbursable Services Program. The purpose of the survey was to gain insight into how stakeholders feel about the program and to identify areas for improvement. Stakeholders surveyed gave the program an overall satisfaction score of 4.4 out of 5.0, or an 88-percent overall satisfaction rate.

The authority granted by Section 560 complements CBP’s broader Office of Field Operations Resource Optimization Strategy as it identifies alternate funding sources to support enhanced services at U.S. POEs. Over the past several years, CBP has seen record increases in passenger and cargo volumes, which have quickly outpaced its growth in available staff for POEs. CBP also has seen an increase in requests for additional CBP services that have the potential for significant economic benefit; however, the increased

requests place an even greater demand on resources. This program allows stakeholders to request the increased level of service they desire CBP to provide through a reimbursable fee agreement, which CBP then will consider.

The reimbursable fee agreements authorized under Section 560 allow CBP to staff workload increases and accommodate requests for additional services necessary to effectively secure the Nation's borders, enforce federal immigration and customs laws, and facilitate legitimate trade and travel. Additionally, CBP understands the importance of transparency in this program and is monitoring its implementation against performance measures, such as comparing baseline processing rates at participating POEs from previous years to the processing rates during time periods when reimbursable services under this program are provided.



# Reimbursable Fee Agreements Fifth Semiannual Report

## Table of Contents

I.	Legislative Language .....	1
II.	Background .....	2
III.	Data Report.....	3
	A. Current Status .....	3
	B. Congressional Notification and Ongoing Reporting .....	
IV.	Conclusion.....	10
V.	Appendix: List of Acronyms.....	

# I. Legislative Language

This document was compiled pursuant to language in Senate Report 112-169 accompanying the *Fiscal Year (FY) 2013 Department of Homeland Security (DHS) Appropriations Act* (P.L. 113-6).

Senate Report 112-169 states:

Section 555. The bill includes a provision requested in the budget authorizing CBP to enter into reimbursable fee agreements for the provision of CBP services and any other costs incurred by CBP relating to such services...CBP shall provide semiannual reports to the Committee on each request received, the reasons for its approval or denial, the anticipated and actual revenue received, and the service provided, including number of CBP officers funded. Language is included prohibiting the CBP Commissioner from entering into an agreement if it would negatively impact or alter services at an existing facility.

## II. Background

Section 560 of P.L. 113-6 authorized the Commissioner of U.S. Customs and Border Protection (CBP) to enter into no more than five reimbursable fee agreements for certain CBP services upon the request of an interested party. Such agreements may not be used to perform services outside of the United States and may only cover a period of up to 5 years. The agreements may be used to provide new CBP services at locations not currently serviced by CBP or to enhance CBP services at locations where such services are already provided. In addition, Section 560 agreements may cover customs and immigration inspection-related services; however, these agreements cannot be used to reimburse CBP for any agriculture-related services.

Section 552 of P.L. 114-4 amended Section 560(g) to allow agreements at CBP-serviced airports to include CBP's payment of salaries, training, and benefits of individuals in administrative or technical positions employed by CBP to support CBP officers in performing law enforcement functions at ports of entry (POE), including primary and secondary processing of passengers. Prior to this statutory amendment, CBP was limited at CBP-serviced air ports of entry to providing reimbursable services on an overtime basis only.

Reimbursable fee agreements are an example of public-private partnerships that were highlighted in the CBP Office of Field Operations' (OFO) Resource Optimization Strategy at Ports of Entry, originally submitted to Congress on April 10, 2013. The Resource Optimization Strategy at Ports of Entry was designed to address the increased demands on CBP's existing resources and to enhance services to interested stakeholders in all of CBP's operational environments. These partnerships represent a "win-win" option as they help CBP to carry out its national security mission, while at the same time helping private and public entities develop new opportunities to expedite the legitimate flow of people and goods, which is vital to the U.S. economy.



### III. Data Report

The following data section discusses OFO's efforts, as of June 27, 2015, to administer this authority and comply with all of the legislative requirements. Information previously provided in this section in the first four semiannual reports regarding Notifications, Requests Received, Selection Process, and Implementation has not changed and, therefore, has been omitted from this report. Please see prior versions of this report for additional information on these sections.

#### A. Current Status

To align CBP's requirement for timely reimbursement of program costs with the program metrics reporting, CBP designed the program billing and reporting cycles to cover two federal pay periods. For example, the first activity cycle covered Calendar Year 2013 Pay Periods 25-26 (December 15, 2013–January 11, 2014); and the second activity cycle covered Calendar Year 2014 Pay Periods 01-02 (January 12–February 8, 2014).

Electronic bills (e-bills) are sent to the stakeholders 2 weeks after the end of a cycle, which equals the time required to complete the administrative processing of the relevant CBP payroll functions. The individual metrics reports are provided to each stakeholder along with the e-bills. Each stakeholder has 15 days to remit its payment to CBP via Pay.gov. Failure to remit timely payments may result in denial of additional service requests, termination of the agreement, or may subject the stakeholder to certain noncontractual remedies for nonpayment in the form of a penalty and interest assessments.

If an entity does not request reimbursable services within an activity cycle, CBP will not generate an e-bill or a metrics report for that stakeholder. Further, with respect to stakeholder reporting, the impact of reimbursable services typically will be proportionate to the level of additional services requested. For example, if a stakeholder submits only a single request for additional services on 1 day in the 4-week billing cycle, there likely will not be a measurable impact to processing rates related to the program as compared to the processing rates during the same timeframe in the year prior to the provision of reimbursable services.

To date, all requested services under the reimbursable fee agreements have been for processing by CBP officers on an overtime basis; there have been no requests to fund additional officers under any other cost structure (e.g., permanent positions or temporary duty assignments, including travel).

Table 1 overviews the total Section 560 reimbursable costs, bills issued, assignments, and hours provided by CBP to each stakeholder based on stakeholder requests since program inception until June 27, 2015.

<b>Table 1</b> <b>Section 560 Financial Reimbursement and Utilization Summary of Overtime Hours Provided</b> <b>(December 21, 2013-June 27, 2015)</b>				
<b>Stakeholder</b>	<b>Total Reimbursed</b>	<b>Total Section 560 Bills Issued<sup>1</sup></b>	<b>Total Section 560 Overtime Hours Provided</b>	<b>Total Overtime Assignments</b>
Dallas/Fort Worth (DFW)	\$3,830,543.93	20	32,565	9,424
Miami-Dade County	\$2,273,084.07	19	20,097	8,781
Houston Airport System (HAS)	\$2,294,305.83	14	17,788	8,052
City of El Paso, Texas	\$1,827,534.70	19	17,340	5,839
South Texas Assets Consortium <sup>2</sup> (STAC)	\$135,452.93	7	1,272	270
<b>Total</b>	<b>\$10,360,921.46</b>	<b>79</b>	<b>89,062</b>	<b>32,366</b>

## 1. Section 560 Program Summaries

### Dallas/Fort-Worth International Airport

DFW was the first stakeholder to begin requesting Section 560 overtime assignments in December 2013, and maintains the highest rate of usage among Section 560 members. DFW's requests focus on primary processing positions, but it also has requested other services such as those for positions in secondary, egress (exit control), and supervisors for services provided after hours.

<sup>1</sup> This table includes 20 billable periods; stakeholders were not sent bills during periods when they did not request reimbursable services.

<sup>2</sup> Hours reimbursed for STAC are only through December, 23, 2014, when STAC signed a Section 559 reimbursable services agreement, supplanting its Section 560 reimbursable fee agreement.

Program metrics reporting for the period of December 2013 through June 2015, as compared to the same time period of December 2012 through June 2014, indicated that at DFW<sup>3</sup>:

- Passenger volume increased by 13 percent;
- Arriving flights decreased by 4 percent;
- Average wait time decreased by 36 percent; and
- Flights processed in less than 60 minutes increased by 12 percent.

#### Miami-Dade County for Miami-Aviation Department

Since January 2014, Miami-Dade County for the Miami-Aviation Department has requested Section 560 overtime services between Terminals D (or North) and J (or South), with the majority of reimbursable services being requested for primary passenger processing in Terminal D.

Program metrics reporting for the period of January 2014 through June 2015, as compared to the same time period of January 2013 through June 2014, indicated that at Miami International Airport<sup>4</sup>:

- Passenger volume increased by 8 percent in Terminal J, and by 5 percent in Terminal D;
- Arriving flights decreased by 12 percent in Terminal J, and decreased by 8 percent in Terminal D;
- Average wait time decreased by 14 percent in Terminal J, and by 12 percent in Terminal D; and
- Total flights processed in less than 60 minutes increased by 9 percent.

#### Miami Seaport

The port authority at Miami Seaport began requesting Section 560 services in October 2014 to process passengers and crew members aboard a new casino/cruise vessel that travels to Bimini, Bahamas, several times each week, arriving at Miami Seaport at a time when CBP personnel are between work shifts.

Program metrics reporting for the period of October 2014 through June 2015 for the Miami Seaport show that:

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<sup>3</sup> DFW deployed the Automated Passport Control (APC) kiosks in late October 2013 and implemented other passenger processing efficiency initiatives, such as “One Stop” and “Express Connect,” in addition to its participation in the Section 560 program.

<sup>4</sup> Miami-Dade County for the Miami-Aviation Department deployed 30 APC kiosks in Terminal D (North) in December 2013. Six APC kiosks were deployed in Terminal J (South) in May 2014.

- The vessel was processed 81 times with hours requested and fulfilled by Section 560 services; and
- 21,264 fare-paying passengers and 2,179 crew members were processed during this same time period.

#### Houston Airport System for George Bush Intercontinental Airport

HAS began requesting Section 560 overtime services in March 2014.

Program metrics reporting for the period of March 2014 through June 2015, as compared to the same time period of March 2013 through June 2014, indicated that for HAS<sup>5</sup>:

- Passenger volume increased by 12 percent;
- Arriving flights increased by 2 percent;
- Average wait time decreased by 22 percent; and
- Flights processed in less than 60 minutes increased by 5 percent.

#### The City of El Paso, Texas

The City of El Paso, Texas, requested recurring Section 560 daily assignments in January 2014<sup>6</sup> at the Paso Del Norte and Ysleta bridges in support of three processing modes: Pedestrians, Commercial Vehicles (COV), and Private/Noncommercial vehicles (POV).

Program metrics reporting for the period of January 2014 through June 2015, as compared to the same time period of January 2013 through June 2014, indicated that overall at the two Port of El Paso bridges<sup>7</sup>:

- POV volume increased by 13 percent, and passengers increased by 15 percent;
  - Wait times increased by 18 percent overall;
- Pedestrian volume increased by 6 percent;
  - Wait times decreased by 27 percent overall;
- COV volume decreased by 5 percent, while average wait time decreased by 22 percent;
  - 2.5 percent of COV volume was processed during Section 560 hours.

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<sup>5</sup> HAS deployed 20 APC kiosks in 2013, and implemented other passenger processing efficiency initiatives such as “One Stop” and “Express Connect,” in addition to its participation in the 560 program.

<sup>6</sup> The City’s request extended CBP’s “All Lanes Initiative” for private vehicles only on certain days based on the City’s own program budget, and also split budgeted hours to include processing at commercial lanes and for pedestrians.

<sup>7</sup> These statistics are overall, and not just during the hours that 560 services were utilized.

### South Texas Assets Consortium

On December 23, 2014, STAC signed a reimbursable services agreement under Section 559 of the *FY 2014 DHS Appropriations Act* (P.L. 113-76), supplanting its Section 560 reimbursable fee agreement.

During their partnership with CBP under Section 560, the majority of the reimbursable hours requested in 2014 were for bridges under the Hidalgo/Pharr Area POE. A single service request for 4 hours at Rio Grande City was received for COV traffic. No requests for Section 560 services were received for the bridges in Laredo or Cameron County (Brownsville). In total, STAC requested 270 assignments under Section 560 for a total of 1,272 hours of reimbursable services.

## **2. Factors Impacting Section 560 Results**

Generally, processing wait times have decreased overall at locations that have utilized Section 560 reimbursable hours in concentrated areas. However, there were extenuating factors that impacted positive processing results at certain locations. For example, significantly increased passenger volume impacted operations at the air POEs during busy seasonal travel seasons (Spring Break, summer travel, and the winter holidays). Although certain timeframes are traditionally known for increased workload, these episodes consequently result in extended increased processing times. Further, the dynamics in flight arrival processing are affected by fewer aircraft landings combined with increased passenger volume, i.e., more passengers are arriving, and arriving at the same time.

Land border POEs also experienced increased workloads and processing times during peak travel periods, such as the Easter Holy Week, Cinco de Mayo, and the Mexican Labor Day. Other unplanned factors also impacted port operations, such as the influx of “Credible Fear” cases arriving at the border, particularly in South Texas. Finally, many of the requests by stakeholders were for agricultural-related services, which CBP could not cover under Section 560.

## **3. Reimbursable Services Program Overview for 2015**

Section 559 of Division F of P.L. 113-76 expanded CBP’s reimbursable authority to allow for new reimbursable services agreements at U.S. POEs, as well as broadened the authority to include agricultural processing and border security services. On March 31, 2014, CBP announced the open application season for parties interested in entering into a reimbursable services agreement under this new authority, after which CBP received 25 applications, including one from STAC.

STAC applied to enter into a Section 559 agreement with CBP specifically to meet its interests in requesting additional agriculture services from CBP’s Agriculture Specialists,

which was not possible under the Section 560 authority and the leading cause for its limited and sporadic usage of the program. On December 23, 2014, the Commissioner of CBP and STAC entered into a new Section 559 reimbursable services agreement, at which time the Section 560 agreement was terminated.

In February 2015, CBP completed the first Annual Metrics Report for each Section 560 location and distributed the reports to program stakeholders. The report provided an overview of each stakeholder's use of the Reimbursable Services Program in its first calendar year (2014), and metric impacts of the program.

In April 2015, surveys were sent to the 10 individual Section 560 stakeholders. Surveys were specific to operating environment and consisted of questions regarding Program Satisfaction, General Program Impact, and Impacts/Effectiveness specific to operating environment. Stakeholders responded with an overall satisfaction level of 4.4 out of 5.0, or an 88-percent overall satisfaction rate.

The results of the survey have shown that there is strong support for the program, as evidenced by stakeholders' responses that they plan to continue using or increase their use of the program. Additionally, stakeholders responded that the program has allowed them to achieve their goals, which primarily consisted of reductions in wait times and increased customer satisfaction at their respective locations.

The Reimbursable Services Program will continue to survey stakeholders on an annual basis to monitor program satisfaction for our partners and to identify areas of improvement.

## B. Congressional Notification and Ongoing Reporting

Section 560(h) of Division D of P.L. 113-6 requires CBP to notify the following Congressional committees at least 15 days prior to finalizing any agreement:

- Senate Committee on Appropriations;
- House Committee on Appropriations;
- Senate Committee on Homeland Security and Governmental Affairs;
- House Committee on Homeland Security;
- Senate Committee on Finance;
- House Committee on Ways and Means;
- Senate Committee on the Judiciary; and
- House Committee on the Judiciary.

On December 4, 2013, the CBP Office of Congressional Affairs notified these Congressional Committees of CBP's intentions to enter into reimbursable service

agreements under Section 560 with the selected partners and provided copies of each agreement to be signed.

On December 30, 2013, CBP submitted the first semiannual report on “Reimbursable Fee Agreements” to the Senate and House Appropriations Subcommittees on Homeland Security. The second semiannual report was submitted on September 2, 2014, the third on February 18, 2015, and the fourth on June 23, 2015.

CBP will continue to provide updates to the above-listed Congressional committees and interested Member offices – specifically those offices with constituents who represent Section 560 stakeholders and those Members who previously contacted CBP regarding this authority.

## IV. Conclusion

CBP faces an increasingly complex and expanding mission. It continues to see record increases in passenger and cargo volumes. Requests for increased services have the potential to provide significant economic benefits, but ultimately will place even greater demands on CBP services. Reimbursable service agreements are a tool to assist CBP and public or private entities in addressing these increasing demands by making resources more readily available where they are greatly needed.

CBP has developed appropriate metrics for analyzing staffing needs based on each stakeholder's desired level of service under this program and also is reporting metrics on the reimbursable services after each billing cycle when services are requested. OFO will continue to refine these processes as the program matures over the fiscal years, particularly with the expansion of CBP's reimbursable services program under Section 559 of Division F of P.L. 113-76 that added 16 new agreements, including STAC's transfer out of Section 560.

CBP looks forward to providing ongoing updates and briefings to any interested Members or Committees of Congress.



V. Appendix: List of Acronyms

<b>Acronym</b>	<b>Definition</b>
<b>APC</b>	Automated Passport Control
<b>CBP</b>	U.S. Customs and Border Protection
<b>COV</b>	Commercial Vehicles
<b>DFW</b>	Dallas/Fort Worth International Airport
<b>DHS</b>	Department of Homeland Security
<b>FY</b>	Fiscal Year
<b>HAS</b>	City of Houston Airport System
<b>OFO</b>	Office of Field Operations
<b>POE</b>	Port of Entry
<b>POV</b>	Private/Noncommercial Vehicles
<b>STAC</b>	South Texas Assets Consortium