



April 2022

CONSULAR AFFAIRS

State May Be Unable to Cover Projected Costs if Revenues Do Not Quickly Rebound to Pre-Pandemic Levels

Accessible Version

GAO Highlight

Highlights of [GAO-22-104424](#), a report to the Committee on Foreign Affairs, House of Representatives

Why GAO Did This Study

From fiscal years 2013 through 2019, consular fees fully funded consular operations, according to State documentation. However, the COVID-19 pandemic caused State's revenues from passport and visa fees to drop.

GAO was asked to review consular fees. This report examines, among other things, how State managed the decline in consular fee revenues, projections regarding State's ability to meet the targeted threshold in the future, and the extent to which State's processes for estimating key data meet the key elements of economic analysis. GAO reviewed State documentation and data, modeled projections for the consular fees account, and interviewed State officials.

What GAO Recommends

GAO recommends that State (1) assess what actions would allow it to cover future consular costs; (2) measure the statistical variability of unit costs; and (3) document its cost, demand, and revenue estimates. State did not concur with the first recommendation, indicating it believes the cost model output is sufficient for this purpose. State partially concurred with the other two recommendations, noting it uses a deterministic math model to calculate unit costs and it documents the process for cost estimates. GAO maintains that a plan to assess actions that could cover future costs would better position State to request statutory changes that align with actual needs. GAO also maintains that State should reflect statistical variability in unit costs because not doing so many limit its ability to respond to risks arising from fluctuations in cost. GAO maintains

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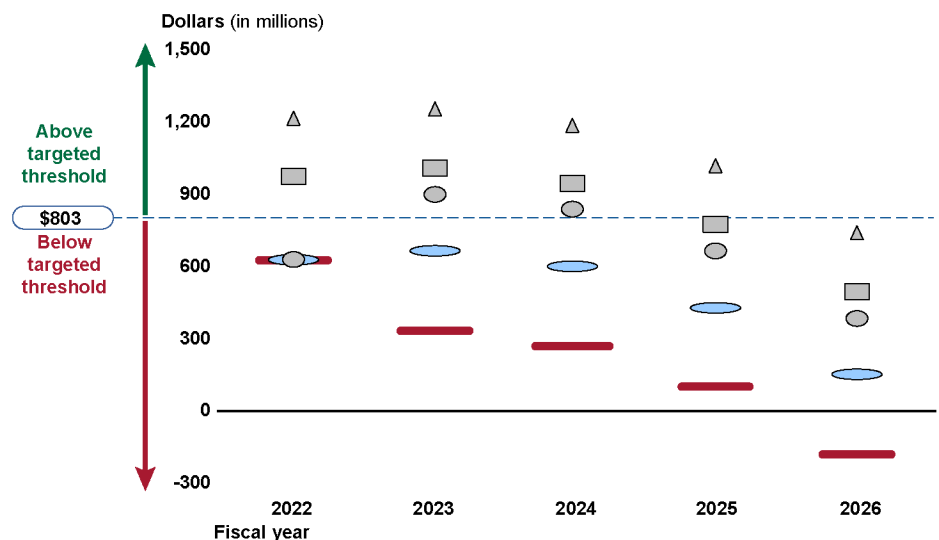
State May Be Unable to Cover Projected Costs if Revenues Do Not Quickly Rebound to Pre-Pandemic Levels

What GAO Found

The Department of State provides passport, visa, and overseas citizens services to millions of Americans and foreign nationals annually and collects user fees for some of these services. The COVID-19 pandemic discouraged potential travelers who would pay fees, resulting in a 41 percent decline in consular fee revenue in fiscal year 2020. To compensate for this decrease in revenue, State used supplemental and annual appropriations and temporarily expanded expenditure and transfer authorities provided by several acts of Congress. It also drew down unobligated balances that it had carried over into fiscal year 2020.

GAO modeled State's future consular fee revenue stream and costs through fiscal year 2026 across five scenarios. These scenarios used pessimistic, neutral, and optimistic revenue outlook projections based on historical consular fee revenue from fiscal years 2013 through 2020. The modeling indicates that State's carryover balances will decline and likely will not meet the targeted threshold for the consular fee carryover balance in some fiscal years if fee revenue does not return to pre-pandemic levels in fiscal year 2022 and beyond. See figure.

Consular and Border Security Program (CBSP) Account Carryover Balance Median Values across Simulation Results, Fiscal Years 2022–2026



- █ Scenario 1 assumes State's Bureau of Consular Affairs' (CA) revenue returns to pre-COVID-19 pandemic levels in fiscal year 2024.
- ▭ Scenario 2 assumes CA's revenue returns to pre-pandemic levels in fiscal year 2023.
- ▭ Scenario 3 assumes CA's revenue returns to pre-pandemic levels in fiscal year 2022.
- Scenario 4 assumes CA's revenue has a post-pandemic surge in fiscal year 2023 and returns to pre-pandemic levels in fiscal year 2024.
- ▲ Scenario 5 assumes CA's revenue has a post-pandemic surge in fiscal year 2022 and returns to pre-pandemic levels in fiscal year 2023.

Source: GAO analysis of Department of State data. | GAO-22-104424

What GAO Recommends

that documenting processes for revenue and demand estimates and fully documenting processes for cost estimates would better position State to identify and respond to risks to full cost recovery.

Notes: According to State officials, State's official target is to maintain a minimum 25 percent carryover balance by retained fee each year. GAO used State's target to calculate 25 percent of average historical obligations against the CBSP account as a whole. GAO presents this as the benchmark value of \$803 million and uses this calculation to determine the likelihood of State meeting the targeted threshold. GAO's model reflects retained fee amounts as of November 2021.

Accessible Data Table for Highlight Figure

Dollars in millions

| | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 |
|------------|----------|----------|----------|----------|---------|
| Scenario 1 | 625.37 | 332.11 | 267.96 | 100.53 | -180.26 |
| Scenario 2 | 626.68 | 663.54 | 599.08 | 427.11 | 151.42 |
| Scenario 3 | 971.04 | 1,008.29 | 943.40 | 774.95 | 496.44 |
| Scenario 4 | 626.19 | 898.64 | 836.66 | 664.45 | 384.28 |
| Scenario 5 | 1,214.61 | 1,252.34 | 1,185.64 | 1,016.81 | 740.49 |

Additionally, GAO's simulation also shows that projected revenue may not be sufficient to cover costs through fiscal year 2026 across all five scenarios. For example, if State's consular fee revenue recovers to pre-pandemic levels in fiscal year 2023 (scenario 2), GAO estimates that the carryover balance is unlikely to meet the targeted threshold each year through fiscal year 2026. Specifically, GAO estimates that in this scenario the carryover balance would be \$151 million in fiscal year 2026—hundreds of millions of dollars below the targeted threshold. According to State, falling below the targeted threshold could put State at risk of being unable to make necessary obligations at the beginning of the fiscal year. Consular fee revenue is not received evenly over the course of a year, according to State officials, instead peaking in spring and summer.

State has requested statutory changes to its authorities to set and use some consular fees so that it can generate additional revenue or have more flexibility in how it can use revenue. However, State has not documented its analysis to support these requests. Without a plan for assessing the potential impact of the requested changes, State risks recommending statutory changes that do not align with actual needs. As a result, State could collect consular fees in excess of its costs for some services, thereby over-charging visa or passport applicants.

State uses estimates of unit costs, demand and revenue to achieve full cost recovery and to project the sufficiency of consular revenue. State's process for estimating unit costs of consular services fully meets two and partially meets three key elements of economic analysis. Specifically, State does not calculate the range of potential costs, such as those that result from variations in how much time it takes to process a visa; as such, State does not calculate the statistical variability of the resulting unit costs. This lack of transparency on the plausible range of unit costs may limit management's ability to identify, analyze, and respond to risks to full cost recovery arising from fluctuations in obligations. In addition, State lacks documentation of its processes for estimating demand and revenue. By not documenting these processes or key analytical decisions, State risks being unable to retain and share its organizational knowledge on fee setting, including communicating its compliance with best practices.

View [GAO-22-104424](#). For more information, contact Jason Bair at (202) 512-6881 or bairj@gao.gov.

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Abbreviations

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| CA | Bureau of Consular Affairs, U.S. Department of State |
| CBSP | Consular and Border Security Programs |
| CODaC | Consular Overseas Data Collection |
| CoSM | Cost of Service Model |
| COVID-19 | Coronavirus Disease 2019 |
| FAH | Foreign Affairs Handbooks |
| General Fund | General Fund of the U.S. Government |
| GFMS | Global Financial Management System |
| IOAA | Independent Offices Appropriation Act of 1952 |
| IVSS | Immigrant visa security surcharge |
| MRV | Machine readable visa |
| OMB | Office of Management and Budget |
| PSS | Passport security surcharge |
| State | U.S. Department of State |
| Treasury | U.S. Department of the Treasury |
| USCIS | U.S. Citizenship and Immigration Services |
| WHTI | Western Hemisphere Travel Initiative |

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April 18, 2022

The Honorable Gregory W. Meeks
Chairman
The Honorable Michael T. McCaul
Ranking Member
Committee on Foreign Affairs
House of Representatives

The Department of State's Bureau of Consular Affairs (CA) collects billions of dollars in consular fee revenue annually—revenue from fees charged to users for consular services such as passport and visa issuances, as well as overseas citizen services.¹ In 2013, State implemented its Consular Realignment Initiative and began using consular fee revenue exclusively to cover consular operations costs.² This fee revenue generally is deposited into CA's Consular and Border Security Programs (CBSP) account, but State is required to transfer certain consular fee collections to the General Fund of the U.S. Government (General Fund), which is managed by the Department of the Treasury (Treasury).³

In fiscal year 2019, CA collected nearly \$4 billion in consular fees. State officials have identified a structural imbalance in its fee authorities which, according to these officials, presents a challenge in continuing to fund consular services with fee revenues. Additionally, the COVID-19 pandemic had a negative impact on travel and the collection of consular fees in fiscal year 2020, resulting in a decline in fee revenue.

¹In this report, we refer to the total amount of money that CA collects from fees charged to users for consular services as "consular fee collections." We refer to the amount of that money that CA can retain and use to cover the costs of providing consular services as "consular fee revenue." Some consular fees are statutorily defined as fees and some as surcharges; however, for the purposes of this report, we refer to them collectively as "consular fees."

²Prior to fiscal year 2013, State relied on a mix of annual appropriations and fee revenues, according to State officials.

³State is required by some statutes to deposit certain consular fee collections into the General Fund. In this report, we refer to the consular fees collected but not retained by State as "transfers to the General Fund."

You asked us to review State’s consular services fee structure. This report examines how State manages its consular fee revenue and its ability to adapt to the economic challenges of the pandemic, including (1) how consular fee revenues compared to obligations prior to the pandemic, (2) how State managed the decline in consular fee revenues as a result of decreased demand for consular services caused by the pandemic, (3) projections regarding CA’s ability to meet the targeted thresholds for the CBSP account in the future, and (4) the extent to which State’s processes for estimating key data for evaluating the adequacy of its revenue meet the key elements of economic analysis.

To determine how consular fee revenues and obligations compared prior to the pandemic and how State addressed the decline in consular fee revenue due to the pandemic, we analyzed aggregated fee revenue, obligations, and carryover balance data provided to us by State in the form of multiple summary data tables from several internal agency databases, including the Global Financial Management System (GFMS), State’s official financial system of record.⁴ We analyzed these data from fiscal years 2013 through 2020, the most recent data available at the time of our analysis. We analyzed aggregate consular fee revenue, obligations, and carryover balance data for fiscal years 2020 and 2021, a period that included the onset of the pandemic. We also analyzed data from budget justification documents related to supplemental and annual appropriations provided to State during the pandemic. Finally, we interviewed knowledgeable State officials to determine how consular fee revenues changed during the pandemic and how CA adapted to the challenges and managed its consular fee revenue accordingly.

To examine projections regarding the sufficiency of consular fee revenue in the future, we developed a model to assess State’s ability to maintain its CBSP account revenue in order to fund consular services across five

⁴In this report, we refer to unobligated funding from State’s retained fees in the CBSP account or other accounts remaining across fiscal years as “carryover balances.” An obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received, or a legal duty on the part of the United States that could mature into a legal liability by virtue of actions on the part of the other party beyond the control of the United States. Payment may be made immediately or in the future. An agency incurs an obligation, for example, when it places an order, signs a contract, awards a grant, purchases a service, or takes other actions that require the government to make payments to the public or from one government account to another.

different revenue scenarios through fiscal year 2026.⁵ We set a range of three possible future revenue outlooks, defined as (1) pessimistic, which projects future revenue ranging between the lowest revenue in the historical data and a standard deviation below the average of historical revenues; (2) neutral, which projects future revenue ranging within one standard deviation below and above the average of historical revenues; or (3) optimistic, which projects future revenue ranging between a standard deviation above the average of historical revenues and the highest revenue.⁶

To assess the reliability of the aggregated revenue, obligations, and carryover balance data from GFMS and other sources, we reviewed relevant documentation, interviewed knowledgeable State officials, and conducted electronic data testing. We determined that these data were sufficiently reliable for our purposes of analyzing consular fee revenue, obligations, and carryover balance trends from fiscal years 2013 through 2021. To assess the reliability of the supplemental and annual appropriations data, we reviewed the data for accuracy and compared the values to amounts in official State documents and budget justification documents. We determined that these data were sufficiently reliable and accurately documented State's receipt and management of supplemental and annual appropriations provided following the onset of the pandemic.

To address the extent to which State's cost estimation processes meets key elements of economic analysis, we assessed the strengths and limitations of State's processes for estimating the unit costs, demand, and total revenue of consular services and products against the five key elements of economic analyses identified in GAO's *Assessment Methodology for Economic Analysis*.⁷ We also compared State's use of quality information to achieve its objectives, its analysis and response to risk as it relates to achieving those objectives, and its documentation of processes and decisions against GAO's *Standards for Internal Control in*

⁵We also made several assumptions to control for other future uncertainties while we assessed State's likelihood of keeping balances for the CBSP account and its fee-specific subaccounts across the five scenarios.

⁶We developed the five scenarios that combined pessimistic, neutral, and optimistic revenue outlook projections using actual revenue information from fiscal years 2013 through 2020. We reviewed the model, scenarios, and results with State officials.

⁷GAO, *Assessment Methodology for Economic Analysis*, [GAO-18-151SP](#) (Washington, D.C.: Apr. 10, 2018).

*the Federal Government.*⁸ For additional details about our objectives, scope, and methodology, see appendix I.

We conducted this performance audit from August 2020 to April 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

CA Provides a Variety of Consular Services

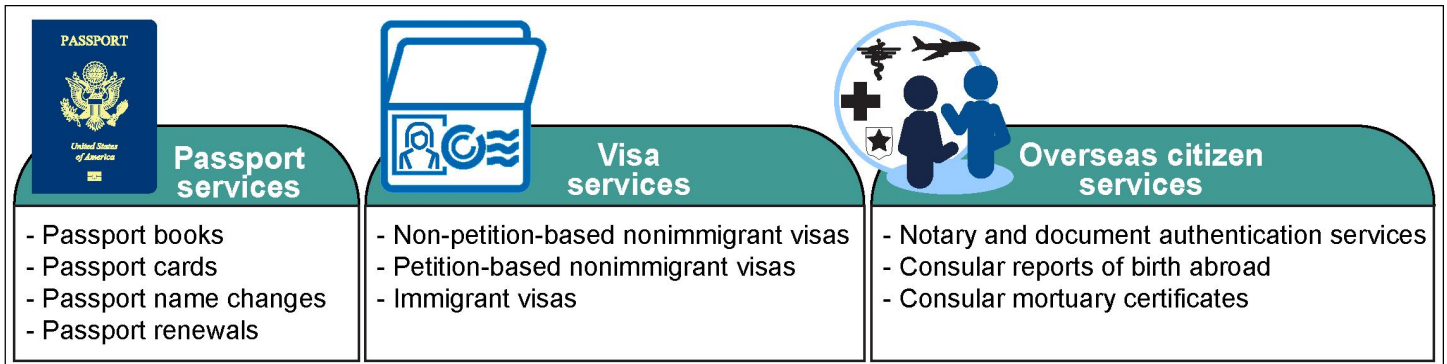
State's consular services span three areas: (1) passport services, (2) visa services, and (3) overseas citizen services. Specifically:

- **Passport services:** CA provides passport services to permit citizens to travel or temporarily reside in foreign territories and also allows them access to U.S. consular services and assistance while abroad. CA charges several fees for passports, including the passport security surcharge (PSS) and the Western Hemisphere Travel Initiative (WHTI) surcharge.
- **Visa services:** CA provides services to foreign nationals applying for immigrant and nonimmigrant visas at U.S. embassies and consulates in other countries. CA charges several fees for immigrant and nonimmigrant visas, including the machine readable visa (MRV) fee and the H and L fraud prevention and detection fee.
- **Overseas citizen services:** CA provides emergency and non-emergency services to help U.S. citizens abroad, such as visiting them if they are imprisoned, assisting next-of-kin after the death of a U.S. citizen abroad, and issuing consular reports of births abroad as an official record of a child's claim to U.S. citizenship or nationality.

Figure 1 shows examples of consular services that State provides.

⁸GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014).

Figure 1: Examples of Department of State Consular Services



Source: Department of State documentation. | GAO-22-104424

CA Does Not Charge a Fee for Some Consular Services

CA does not charge a fee for some consular services because those services are to be provided free of charge pursuant to statute, or because State has made a policy or regulatory decision not to charge a fee for these services. Examples include some death and estate services, some visas applications as part of U.S. government-sponsored exchanges, visa applications for diplomats and employees of international organizations, and special immigrant visa applications from Iraq and Afghanistan under a program for individuals who worked with the United States in those countries.

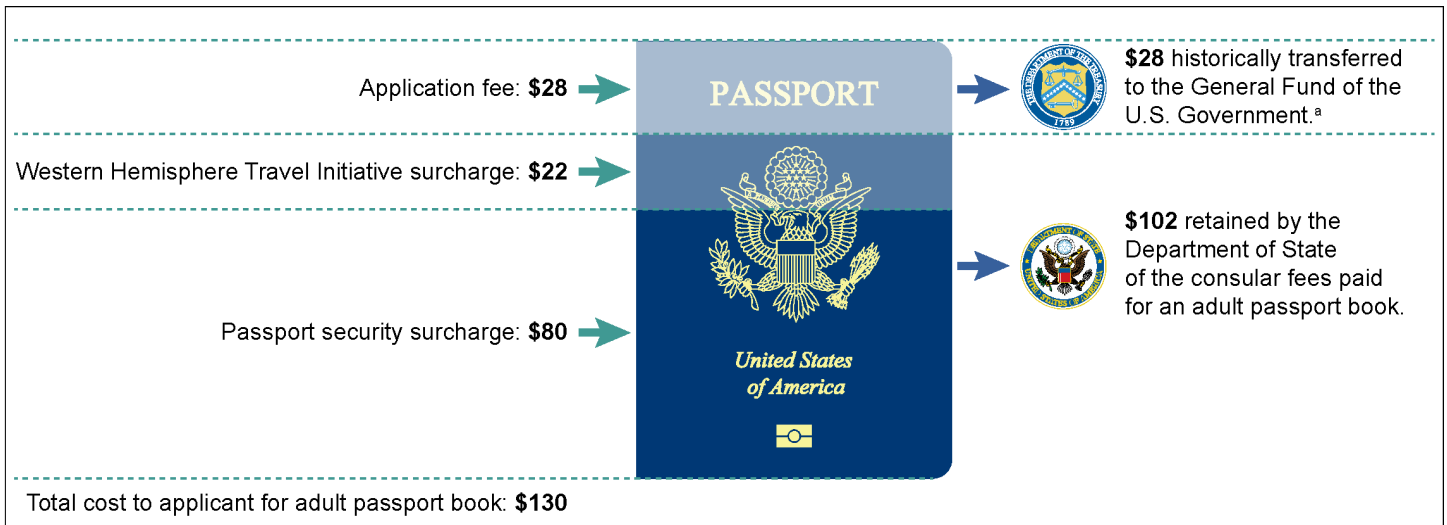
Historically, CA covered the cost of certain consular services provided at no cost to users and services for which State does not retain a fee by using MRV fee revenues, according to State officials.⁹ However, State does not have the authority to set the MRV fee higher than the cost of that particular service to cover the costs of other services for which it does not charge a fee, according to State documentation.

⁹The full list of the fees that CA charges for consular services are listed in 22 C.F.R. § 22.1, *Schedule of Fees for Consular Services-Department of State and Foreign Service*.

The Price for a Particular Service Can Reflect Multiple Fees

The total amount an individual pays for a consular service may reflect several fees combined into one charged amount. For example, as figure 2 shows, the application price of \$130 for an adult passport book includes three fees: the \$80 PSS, the \$22 WHTI surcharge, and a \$28 passport application fee.¹⁰

Figure 2: Department of State Consular Fees for an Adult Passport Book



Source: GAO analysis of Department of State documentation. | GAO-22-104424

Note: The General Fund of the U.S. Government is managed by the Department of the Treasury. State is required by law to deposit certain consular fee collections into the General Fund, which we refer to as “transfers to the General Fund.” The \$130 application price for an adult passport book does not include a \$35 passport execution fee required for first-time applicants and others who must apply in person. Passport execution fees charged by acceptance facility partners (e.g., libraries, post offices, and courthouses) are retained by those partners, and any other passport execution fees paid to State officials, domestically or abroad, are transferred to the General Fund, according to State officials. The Consolidated Appropriations Act, 2022, Pub. L. No. 117-103, § 7069(e), enacted on

¹⁰The \$130 application price for an adult passport book does not include a \$35 passport execution fee required for first-time applicants and others who must apply in person. Passport execution fees charged by acceptance facility partners (e.g., libraries, post offices, and courthouses) are retained by those partners, and any other passport execution fees paid to State officials, domestically or abroad, are transferred to the General Fund, according to State officials. The Consolidated Appropriations Act, 2022, Pub. L. No. 117-103, § 7069(e), enacted on March 15, 2022, provides that passport execution fees shall be deposited in the CBSP account beginning on October 1, 2021, and for each fiscal year thereafter.

Letter

March 15, 2022, provides that passport execution fees shall be deposited in the Consular and Border Security Programs account beginning on October 1, 2021, and for each fiscal year thereafter.

^aThe Consolidated Appropriations Act, 2022, Pub. L. No. 117-103, § 7069(e), enacted on March 15, 2022 authorizes State to retain the passport application fee, which State historically transferred to the General Fund. This new authority is effective beginning on October 1, 2021, and for each fiscal year thereafter.

CA Charges Fees for Consular Services under Several Different Legal Authorities

State Has Multiple Fee Authorities That Allow It to Retain Consular Fee Revenues for Varying Purposes

CA retains revenues under multiple consular fee authorities. All of the fees for which revenue is retained are charged for visa or passport services. These fees were established by different statutes and at different times, and all were established before CA transitioned to fully funding consular operations with fee revenue in fiscal year 2013.¹¹

Specifically:

- **MRV fee:** This fee is charged for nonimmigrant visas and combined adult border crossing card and nonimmigrant visa applications. The fee ranges from \$160 to \$265 for non-petition- and petition-based visas for which State retains fee revenue.¹² The MRV fee charged specifically for border crossing cards is \$160 for applicants age 15 and over, and \$15 for applicants under age 15.
- **PSS:** This fee is charged for passport services in support of enhanced border security. The fee is \$80 for a passport book. There is no PSS fee associated with a passport card.
- **WHTI surcharge:** This fee is charged for passport services. It was introduced to cover the costs of meeting an increased demand for passports that resulted from actions taken to comply with a provision in the Intelligence Reform and Terrorism Prevention Act of 2004.¹³

¹¹Additionally, a new authority included in the Consolidated Appropriations Act, 2022, Pub. L. No. 117-103, § 7069(e) (March 15, 2022), requires that passport application and execution fees be deposited in the CBSP account. This report does not reflect this new authority. We refer to the fee authorities that State had as of February 2022 as “the nine retained fees” in this report.

¹²The MRV fee is \$160 for non-petition-based visas (except E-category); \$205 for non-petition-based E-category visas; \$190 for petition-based H, L, O, P, Q, and R visas; and \$265 for petition-based K-visas.

¹³Pub. L. No. 108-459, § 7209, 118 Stat. 3823 (Dec. 17, 2004) (codified as amended at 8 U.S.C. § 1185 note).

The fee is \$22 for an adult passport book or card, and \$44 for an adult passport book and card, according to State documentation.¹⁴

- **Expedited passport fee:** This fee is charged for the expedited processing of passports. The fee is \$60.
- **Immigrant visa security surcharge (IVSS):** This fee is charged for immigrant visas in support of enhanced border security. The fee, which is embedded in the Immigrant Visa Application Processing fee, is \$100, according to State documentation.
- **H and L fraud prevention and detection fee:** This fee is charged by either State or U.S. Citizenship and Immigration Services (USCIS) to cover activities related to preventing and detecting fraud in petition-based non-immigrant work visas, according to State documentation.¹⁵ The fee may be \$150 or \$500, according to State officials.¹⁶
- **Affidavit of support fee:** This fee is charged for visa services given to a sponsor who provides an affidavit of support under a provision in the Immigration and Nationality Act of 1952.¹⁷ The fee is \$120 and only applies when reviewed domestically.
- **Diversity visa fee:** This fee is charged for allocating and processing applications for visas of applicants selected from the diversity visa lottery program.¹⁸ This fee is \$330.
- **J-waiver fee:** This fee is charged as a processing fee for waiver of the two-year residency requirement for J-1 visa holders who wish to

¹⁴The WHTI surcharge is \$20 for a minor passport book, \$15 for a minor passport card, and \$35 for a minor passport book and card, according to State documentation.

¹⁵H-type nonimmigrant visas include H-1-B1 (Free Trade Agreement Professional from Chile or Singapore), H1-B (person in specialty occupation), H-2A (temporary agricultural worker), H-2B (temporary non-agricultural worker), and H-3 (trainee or special education visitor). L-type nonimmigrant visas include L (intra-company transferee).

¹⁶State receives one-third of the revenue, and the remaining revenue is shared equally between the Department of Labor and the Department of Homeland Security.

¹⁷Pub. L. No. 82-414, ch. 477, title II, ch. 2, § 213A (June 27, 1952), as added by Pub. L. No. 104-193, title IV, § 423(a), 110 Stat. 2271 (Aug. 22, 1996) (codified as amended at 8 U.S.C. § 1183a).

¹⁸The Diversity Immigrant Visa Program makes a set number of visas available annually to natives of countries with historically low rates of immigration to the United States. Because demand for diversity visas greatly exceeds supply, a lottery system is used to select individuals who may apply for them. State determines selectees through a randomized computer drawing and distributes diversity visas among six geographic regions.

stay in the United States beyond the end date of their program or wish to submit an application to USCIS for a change in visa status, according to State documentation.¹⁹ This fee is \$120.

Individual statutes specify how State can use revenue from each of these consular fees. Some fees have broader expenditure authority and can be used to cover the costs of any consular service while other fees have narrower expenditure authority and can only be used on a specific service or activity, according to State documentation. For example, State has determined that CA can use MRV fee revenues to cover the costs of providing consular services other than the ones for which the MRV fee was charged.²⁰ However, historically CA could only use PSS and IVSS fee revenues to cover border security-related costs of consular services, according to State documentation.²¹ Table 1 summarizes whether CA could use revenues from the nine retained consular fees broadly or narrowly as of fiscal year 2019, prior to the pandemic, according to State documentation and officials.²²

¹⁹J-type nonimmigrant visas are for individuals approved to participate in exchange visitor programs in the United States, including au pairs, physicians, scholars, and teachers, among others.

²⁰According to State documentation, costs associated with the provision of consular services include all costs, including, but not limited to: labor (U.S. direct hire, locally employed staff, and contract staff); travel and transportation; facilities (including rental, construction, renovations, and maintenance); supplies; information technology equipment, services, and support; additional support services; and associated partner bureau costs.

²¹Until March 2020, State's ability to use PSS and IVSS revenues was restricted to covering border security-related costs, according to State officials.

²²In fiscal years 2020 and 2021, State was provided flexibilities in how certain consular fee revenues could be used. For example, see Pub. L. No. 116-136, § 21009, 134 Stat 592 (Mar. 27, 2020); and Pub. L. No. 116-260, § 7069, 134 Stat 1182 (Dec. 27, 2020).

Table 1: Consular Fee Expenditure Authorities, as of Fiscal Year 2019, Prior to the COVID-19 Pandemic

Numbers in Percent

| Consular fee | Broad or narrow expenditure authority in FY2019, according to State ^a | Services on which revenues from this fee could be used, as of FY2019, according to State | Share of total fee revenues from this fee, as of FY2019 (percent) |
|---|--|--|---|
| Machine readable visa (MRV) fee | Broad | Any consular service | 48.2 |
| Passport security surcharge (PSS) | Narrow | Enhanced border security ^b | 28.4 |
| Western Hemisphere Travel Initiative (WHTI) surcharge | Narrow | Passport services related to increased demand for passports | 12.0 |
| Expedited passport fee | Broad ^c | Any consular service | 7.0 |
| Immigrant visa security surcharge (IVSS) | Narrow | Enhanced border security ^d | 1.5 |
| H&L fraud prevention and detection fee | Narrow | Fraud prevention and detection program and activity to prevent and detect fraud in nonimmigrant worker visa categories | 1.3 |
| Affidavit of support fee | Broad | Any consular service | 1.1 |
| Diversity visa lottery fee | Broad | Any consular service | 0.5 |
| J-waiver fee | Narrow | Adjudication of waivers to the 2-year home-country physical presence requirement for certain J-visa exchange visitors | < 0.1 |

Legend: FY = fiscal year

Source: GAO analysis of Department of State data, documentation, and information from State officials. | GAO-22-104424

^aState officials characterize a consular fee as having “broad” expenditure authority if the revenues from the fee can be used to cover the costs of any consular service, not just a specific type of service or cost, and are not limited to the type of service for which the fee was charged. State officials characterize a consular fee as having “narrow” expenditure authority if the revenues from the fee can only cover the costs of the consular service for which the fee was charged or are otherwise limited to a specific type of service or cost.

^bFor the purposes of using PSS fee revenues, enhanced border-security costs include the costs of secure book and card materials; passport printers; and compensation associated with domestic passport adjudication, including fraud prevention, according to State documentation.

^cWhile State’s fee authority permits expedited passport fee revenues to be used to cover the costs of providing consular services, State chose not to make these funds available to specifically cover the costs of consular services until fiscal year 2020, the first year in a 3-year plan, according to State documentation and officials. This plan transitioned expedited passport fee revenues from supporting the Information Technology Central Fund to supporting the Consular and Border Security Programs (CBSP) account, with gradually increasing amounts allocated to the CBSP. State planned to allocate approximately 27 percent of expedited passport fee revenues to the CBSP in fiscal year 2020, 66 percent in fiscal year 2021, and 100 percent in fiscal year 2022. However, in fiscal year 2020, because of decreased demand, the CBSP received \$15 million of the \$131 million total revenue (11 percent) collected in expedited passport fees, with the remaining balance used to support the Information Technology Central Fund.

^dFor the purposes of using IVSS fee revenues, enhanced border-security costs include the costs of enhanced security screening requirements associated with fingerprint collection and the time spent by consular officers related to enhanced border security in processing immigrant visa applications, according to State documentation.

For additional information on the statutory authorities that allow State to set, charge, and retain fees, see appendix II. For a list of all fee amounts for consular services, including which fee revenues are retained by State, see appendix III.

CA Transfers All Other Collections to the General Fund

CA does not retain collections from fees other than those described above.²³ Instead, State is required by law to transfer these collections to the General Fund.²⁴ For example, CA does not retain any fees collected for overseas citizen services and transfers certain visa fees to the General Fund. Most of the fees that CA does not retain are transferred to the General Fund on a real-time, rolling basis, according to State officials.²⁵

State Deposits Most Retained Consular Fees in the Consular and Border Security Programs Account

Created in 2017 by legislation, according to State officials, the CBSP was established at the beginning of fiscal year 2019 as a stand-alone account into which revenues from various existing fee authorities were to be deposited for the purposes of consular and border security programs. This account was established independent of the larger Diplomatic and Consular Programs account, now known as the Diplomatic Programs

²³This does not take into consideration the new authority included in the Consolidated Appropriations Act, 2022, Pub. L. No. 117-103, § 7069(e) (March 15, 2022), which provides that, beginning on October 1, 2021 and for each fiscal year thereafter, passport application and execution fees shall be deposited in the CBSP account.

²⁴For example, federal officials are required to deposit fee amounts collected in the General Fund unless otherwise authorized. 31 U.S.C. § 3302(b). According to State officials, OMB Circular No. A-25 requires them to remit some or all of certain fee revenues to the General Fund. See Office of Management and Budget, *User Charges*, Circular No. A-25 Revised (Washington, D.C.: July 8, 1993).

²⁵One exception is surcharges that are part of the MRV fee. State breaks out these fees separately because they change over time, according to State officials. For example, in summer 2020, the total surcharges on visa applications decreased from \$3 to \$2 because the authority for the Afghanistan Special Immigrant Visa surcharge of \$1 expired on June 30, 2020, while the HIV/AIDS/TB/Malaria surcharge of \$2 remains in place, according to State documentation. State calculates the amount of this surcharge collected monthly and transfers it to the General Fund monthly, according to State officials.

account.²⁶ According to the President's budget for fiscal year 2019, the creation of the CBSP account independent from the Diplomatic Programs account will enable State to provide greater transparency and accountability in financial reporting on the fees and surcharges credited to the account and facilitate budget estimates for these fees and surcharges. This will also make it easier for State to share the information with stakeholders, according to the President's budget.

The CBSP account is a single account, strictly reserved for consular and border security programs, where CA deposits fees from specified authorities. CA deposits consular fee collections in the CBSP for six of the nine retained fees.²⁷ The fees and surcharges maintained in the CBSP account include the MRV fee, PSS, WHTI surcharge, IVSS, affidavit of support fee, and the diversity visa lottery fee.²⁸

Carryover balances are unobligated funds from State's retained fees remaining in the CBSP account or other accounts across fiscal years.²⁹ According to State officials, CA does not use carryover balances any differently from fee revenue collected in the current fiscal year. All fee revenue within the CBSP account is "no-year" funding, meaning that it is available for obligation for an indefinite period of time and available until expended.

²⁶According to the President's budget for fiscal year 2019, in fiscal year 2017 and prior years, fee revenues were credited to the Diplomatic and Consular Programs account.

²⁷Fee collections for the expedited passport fee will be deposited in the CBSP account starting in January 2022, according to State officials.

²⁸Consular fee collections from the expedited passport fee, the H and L fraud prevention and detection fee, and the J-waiver fee are deposited into accounts other than the CBSP account. CA is setting up a subaccount for the expedited passport fee, which will be deposited into the CBSP account starting in early 2022, according to State officials. According to statute, State is required to deposit H and L fee revenues into the Fraud Prevention and Detection account, which is available to the Departments of State, Homeland Security, and Labor to combat fraud (each receiving one-third of the amounts deposited). Treasury makes available a portion of the new collections to the CBSP account monthly, according to State officials. J-waiver fee revenues are deposited into the Diplomatic Programs account with funds from other exchange and educational programs, according to State officials.

²⁹In this report, we refer to unobligated funding from State's retained fees in the CBSP account and other accounts remaining across fiscal years as "carryover balances." State refers to these carryover balances as "carryforward balances."

State Models Cost and Recommends Changes as Part of the Consular Fee-Setting Process

CA officials use a cost model to generate estimates of unit cost for various consular services, which they combine with estimated demand to inform potential changes to consular fees.³⁰ The amount of some consular fees is set by statute, while statutory authorities for other fees authorize State to set the fee amount. For consular services for which CA sets the fee, it does so based on the concept of full cost recovery, according to State officials.³¹

CA sets fee amounts for consular services to cover the cost of processing applications or providing specific services.³² The MRV fee, for example, is designed to cover the entire cost of service for processing the nonimmigrant visa application and is charged whether or not the applicant receives a visa, according to State's *Foreign Affairs Handbooks* (FAH).³³

Cost of Service Model

CA uses its Cost of Service Model (CoSM) to calculate unit costs of individual services based on the total cost to the U.S. government of providing that consular service. The model uses commercially available, activity-based cost software. CA's CoSM team works with internal and

³⁰Projected collections are then estimated based on the same assumed demand that was used to calculate the unit costs and used as support that the unit costs are sufficient, according to State officials.

³¹State points to provisions in OMB Circular No. A-25 as the basis for this position. This guidance requires, in general, that agencies set user charges so that they will be sufficient to recover the full cost to the federal government of providing the service, resource, or good. Under the guidance, agencies are to include all direct and indirect costs when determining full cost, including but not limited to personnel costs, including salaries and benefits such as medical insurance and retirement; physical overhead; consulting; material and supply costs; utilities; insurance; travel; rents or imputed rents on land, buildings, and equipment; management and supervisory costs; costs of collecting and enforcing fees; research; establishment of standards and regulation; and imputed costs, such as depreciation on structures.

³²While CA may set a fee based on the costs of providing a particular service, in some cases, it may use the fee revenue it collects from providing the service more broadly than on just covering the cost of the service. For example, the MRV fee is set based on the costs CA incurs in processing machine readable nonimmigrant visas and machine readable combined border crossing identification cards and nonimmigrant visas, but CA can use MRV fee revenue broadly to cover the costs of providing consular services.

³³Department of State, 7 FAH-1 H-710, "Consular Fees."

external stakeholders to collect data required to calculate both domestic and international costs of consular services, according to State documentation and officials.

The model calculates total costs and raw unit costs for consular services. CA uses the CoSM to recommend appropriate fee amounts for services and inform CA's funding strategies so that CA appropriately administers the CBSP, according to State officials. The methodology has not changed significantly over time, according to State officials.

Sources of Data for Fee Setting

CA uses cost, workload (volume of or demand for consular services), and level of effort data from multiple sources as inputs to the CoSM for the purpose of developing unit costs to inform fee setting. These sources include but are not limited to:

- **GFMS:** State's official accounting system for all department cost data is the source of the financial (cost) data inputs to the CoSM.
- **Consular Consolidated Database:** This system provides CA with a near real-time aggregate of all consular activity data and is used to track and report volume/demand for both nonimmigrant and immigrant visas, according to State documentation.³⁴
- **Travel Documents Issuance System:** This system of record for State's Passport Office is used to track and report domestic passport volumes.
- **Consular Overseas Data Collection (CODaC):** The CODaC is a survey tool administered by the CA Comptroller's Office to calculate a global average cycle time required to perform consular services overseas. It is used to estimate the level of effort needed to provide consular services overseas (such as the amount of time a consular officer spends on processing an application) to support inputs into the CoSM.

³⁴The recently launched Consular Launchpad for Enterprise Analytics and Reporting portal will provide front-end access to data, reports, and data visualizations; supplement Consular Consolidated Database capabilities; and replace some Consular Consolidated Database functions related to the CoSM, according to State documentation.

Recommending Fee Changes and Rulemaking Process

State and Office of Management and Budget (OMB) officials review proposed changes to consular fee amounts before any changes are submitted to the federal rulemaking process, which typically takes 1 to 2 years to finalize, according to State documentation and officials. State typically proposes fee adjustments every other year because it is a multi-year process, according to State documentation and officials. Decisions about fee adjustments are set at a rate that is projected to cover the costs of the budget requirements 2 years in advance.³⁵

After CA officials update the CoSM and calculate unit costs, the fee-setting process includes:

- **State review and fee recommendation decisions:** CA officials brief internal State stakeholders on the calculated unit costs, including explanations of any changes from previous model results, and review assumptions about demand. State's Under Secretary for Management ultimately determines proposed fee adjustments based on the final fee recommendations made by interdepartmental leadership.
- **OMB review:** State officials then brief OMB on proposed fee changes, and OMB officials concur before any potential fee changes advance to the rulemaking process.
- **Rulemaking process:** State and OMB officials work to draft a proposed rule based on the approved fee recommendations. The proposed rule is reviewed and approved by State and OMB officials, then published in the Federal Register for public comment. A final rule is then drafted to address public comments, reviewed by State and OMB, and published in the Federal Register. The fee changes are then implemented, including updates to the Schedule of Fees.³⁶

³⁵As an example of future costs considered as part of proposed fee changes, State officials noted that they consider the cost assumptions for next-generation passports (including the purchase of expensive new printers) as part of the fee-setting process. State's CoSM team manually adjusts the model to account for these new, anticipated costs since they are included in the CBSP budget, according to State officials.

³⁶22 C.F.R. § 22.1.

Prior to the Pandemic, Consular Fee Revenue Exceeded Obligations, but Some Funds Were Available for Limited Purposes

Prior to the COVID-19 pandemic, CA collected more in consular fee revenue than it used to fund consular services each year from fiscal years 2013 through 2019.³⁷ During this period, consular fee revenue from visa and passport services fully funded consular operations, according to State documentation, and CA used revenue from the MRV fee to cover nearly two-thirds of obligations on average for consular services. CA's total CBSP account balance grew in most of these fiscal years, and ended fiscal year 2019 with about \$2 billion in carryover balances. CA accumulated higher carryover balances of fee revenues in CBSP fee-specific subaccounts³⁸ with more limited expenditure authorities. For example, the PSS could only be used to cover the costs of enhanced border security-related activities, as opposed to the costs of providing consular services broadly, according to State officials.

Consular Fee Revenues Exceeded Costs of Consular Services from Fiscal Years 2013 through 2019

CA collected more in consular fee revenues than it used to cover the costs of consular services each year from fiscal years 2013 through 2019, spanning the first year that consular services were fully fee-funded (fiscal year 2013, according to State officials) through the last full fiscal year before the start of the pandemic (fiscal year 2019). On average during these years, CA retained \$3.6 billion in consular fee revenue annually and obligated \$3.2 billion annually to cover the costs of providing consular services, retaining more in fee revenues than it used. CA covered more than 60 percent of the costs of consular services on average using MRV fee revenues during this period.

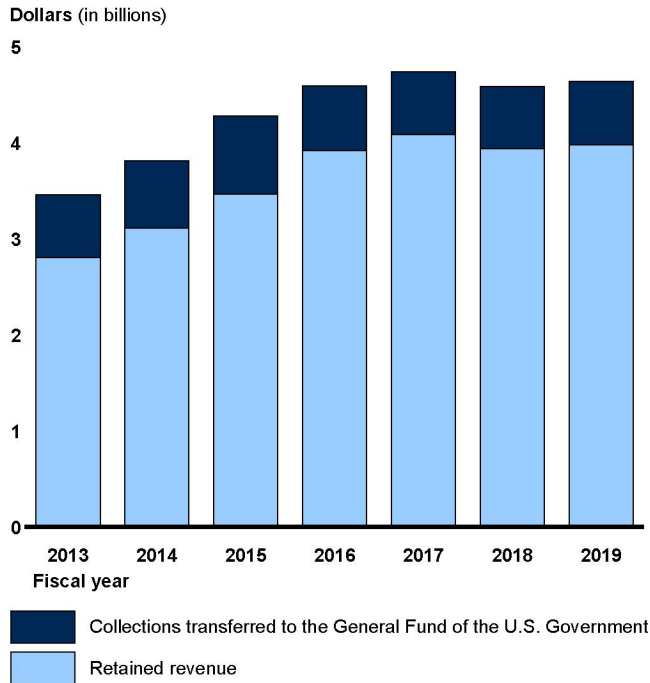
³⁷Consular fee revenues, as presented in this report, do not include the amount of consular fee collections transferred to the General Fund. Revenues described in this report reflect only the consular fees retained by State.

³⁸In this report, when we refer to "fee-specific subaccounts" we mean accounts maintained by State within the CBSP account in order to keep track of revenue from the various retained fees that are deposited into this account.

As shown in figure 3, from fiscal years 2013 through 2019, CA

- collected between \$3.4 billion and \$4.7 billion annually in consular fees, for an annual average of \$4.3 billion;
- retained between \$2.8 billion and \$4.1 billion annually in consular fee revenues, for an annual average of \$3.6 billion; and
- transferred between \$644 million and \$817 million annually in consular fee collections to the General Fund, for an annual average of \$686 million. CA transferred between 13.9 percent and 19.2 percent of collections to the General Fund annually, for an average of 16.0 percent across fiscal years 2013 through 2019.

Figure 3: Consular Fee Collections Retained by State as Revenues or Transferred to the General Fund, Fiscal Years 2013–2019



Source: GAO analysis of Department of State data. | GAO-22-104424

Accessible Data Table for Figure 3

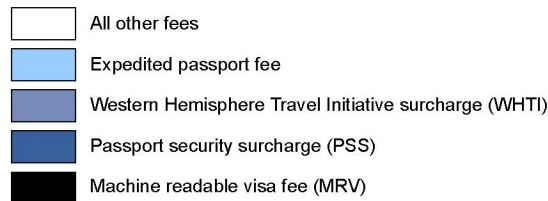
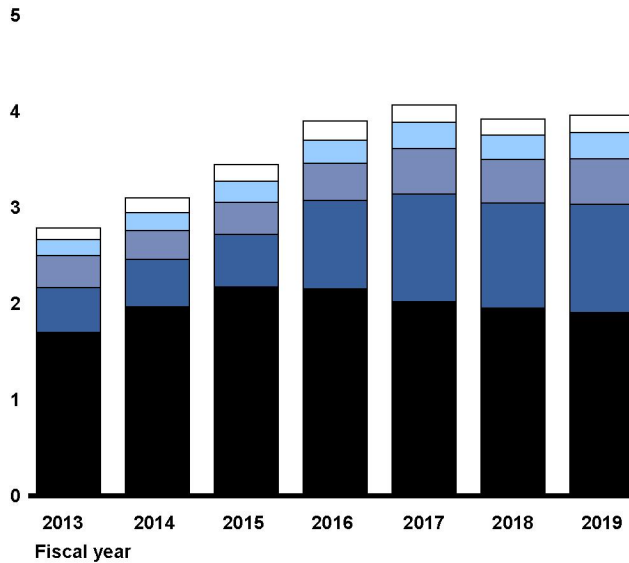
| Fiscal Year | Retained revenue | Collections transferred to the General Fund of the U.S. Government |
|-------------|------------------|--|
| 2013 | 2.793 | .650 |
| 2014 | 3.101 | .700 |
| 2015 | 3.448 | .817 |
| 2016 | 3.903 | .673 |
| 2017 | 4.069 | .653 |
| 2018 | 3.927 | .644 |
| 2019 | 3.962 | .664 |

Notes: The General Fund is a reference to the General Fund of the U.S. Government, which is managed by the Department of the Treasury. The bars in this figure represent total consular fees that State collected in each fiscal year. State’s fee authorities allow it to retain certain consular fee collections as revenues and use them to cover the costs of providing consular services, or to cover other costs as specified by the fee authority. State retains most of this fee revenue in the Consular and Border Security Programs account. For consular fee collections other than those State is authorized to retain and use, State must deposit those collections into the General Fund, and we refer to those deposits as “transfers to the General Fund.” From fiscal years 2013 through 2019, State retained collections from the expedited passport fee as revenues, but these revenues were transferred to State’s Information Technology Central Fund and were not made available to cover the costs of consular operations through the Consular and Border Security Programs account, according to State documentation and officials.

Three fees—the MRV, PSS, and WHTI fees—accounted for approximately 90 percent of all consular fee revenues from fiscal years 2013 through 2019. MRV fee revenues accounted for about half of annual consular fee revenues, while revenues from the PSS and WHTI fees combined accounted for about one-quarter to more than one-third of annual revenues. The six other retained fees accounted for about one-tenth of annual fee revenues. Starting in fiscal year 2016, passport-related fees (PSS and WHTI) represented a growing share of annual consular fee revenues, as shown in figure 4.

Figure 4: Department of State Consular Fee Revenues by Fee, Fiscal Years 2013–2019

Dollars (in billions)



Source: GAO analysis of Department of State data. | GAO-22-104424

Accessible Data Table for Figure 4

| Dollars in billions | | | | | |
|---------------------|---------------------------|-----------------------------|--|------------------------|----------------|
| Fiscal Year | Machine readable visa fee | Passport security surcharge | Western Hemisphere Travel Initiative surcharge | Expedited Passport fee | All other fees |
| 2013 | 1.704 | 0.468 | 0.330 | 0.168 | 0.122 |
| 2014 | 1.967 | 0.494 | 0.304 | 0.183 | 0.153 |
| 2015 | 2.173 | 0.549 | 0.337 | 0.218 | 0.170 |
| 2016 | 2.157 | 0.918 | 0.391 | 0.240 | 0.197 |
| 2017 | 2.025 | 1.119 | 0.473 | 0.273 | 0.179 |
| 2018 | 1.957 | 1.092 | 0.452 | 0.255 | 0.170 |
| 2019 | 1.910 | 1.123 | 0.475 | 0.278 | 0.176 |

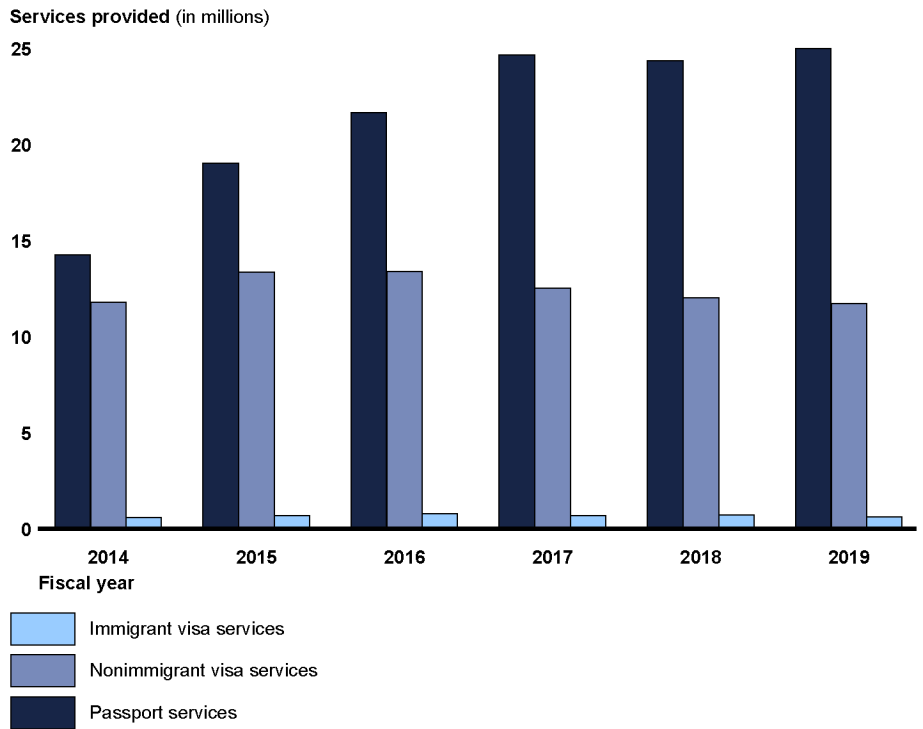
Notes: “All other fees” includes the other five fees for which State retains consular fee revenue. These other fees are the immigrant visa security surcharge, the diversity visa lottery fee, the H and L fraud prevention and detection fee, the affidavit of support fee, and the J-waiver fee. From fiscal years 2013

Letter

through 2019, State retained collections from the expedited passport fee, but these revenues were used to fund State's Information Technology Central Fund and were not made available to cover the costs of consular operations through the Consular and Border Security Programs account, according to State documentation and officials.

As shown in figure 5, from fiscal years 2014 through 2019, the amount of passport services provided generally increased while nonimmigrant and immigrant visa services provided generally decreased after fiscal year 2015.³⁹

Figure 5: Passport, Nonimmigrant Visa, and Immigrant Visa Services Provided, Fiscal Years 2014–2019



Source: GAO analysis of Department of State data. | GAO-22-104424

³⁹The number of visa and passport services provided is greater than the number of visas and passports issued in part because not all visa and passport applications are approved. Consular fees (e.g., for visa or passport applications) must be collected prior to the service being performed, and all fees are paid regardless of whether the corresponding service is approved, refused, or abandoned, except where the fee is exempted by the Schedule of Fees, according to State’s *Foreign Affairs Handbook*. Department of State, 7 FAH-1 H-721, “Consular Fee Collection.”

Accessible Data Table for Figure 5

| Fiscal Year | Passport services | Nonimmigrant visa services | Immigrant visa services |
|--------------------------------------|-------------------|----------------------------|-------------------------|
| Services provided in millions | | | |
| FY2014 | 14.197 | 11.728 | 0.534 |
| FY2015 | 18.954 | 13.300 | 0.619 |
| FY2016 | 21.580 | 13.336 | 0.714 |
| FY2017 | 24.596 | 12.446 | 0.625 |
| FY2018 | 24.297 | 11.965 | 0.655 |
| FY2019 | 24.916 | 11.657 | 0.561 |

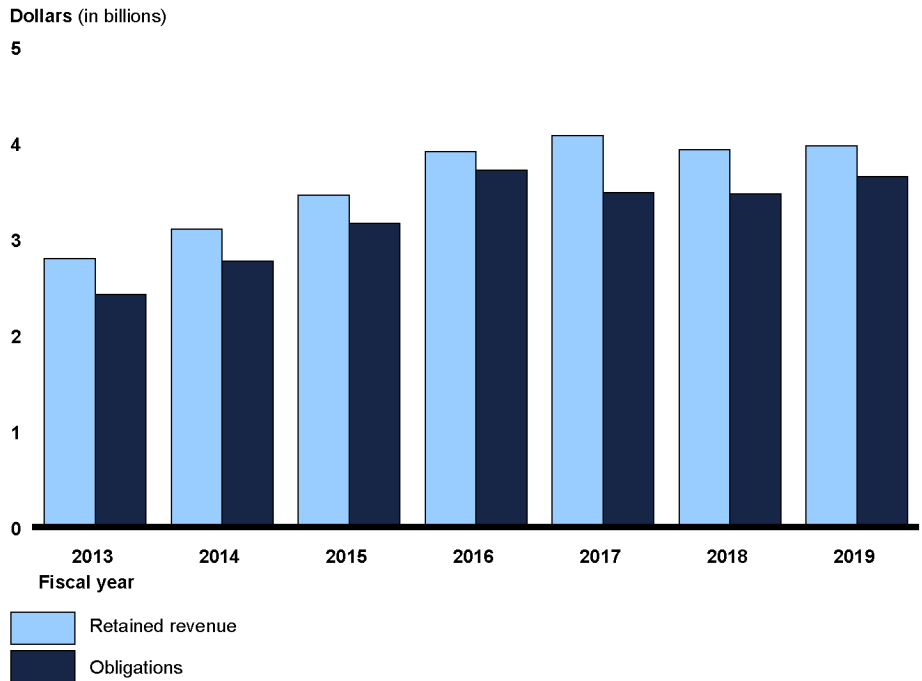
Notes: This figure shows the number of consular services provided related to passports, nonimmigrant visas, and immigrant visas, including visa applications, passport applications, and additional passport book pages. State did not provide complete data on the volume of applications and services provided in fiscal year 2013. The amount of overseas citizen services provided fluctuated from fiscal years 2014 through 2019. The number of visa and passport services provided is greater than the number of visas and passports issued in part because not all visa and passport applications are approved. Consular fees (e.g., for visa or passport applications) must be collected prior to the service being performed, and all fees are paid regardless of whether the corresponding service is approved, refused, or abandoned, except where the fee is exempted by the Schedule of Fees, according to State's *Foreign Affairs Handbook*.

From fiscal years 2013 through 2019, CA

- obligated between \$2.4 billion and \$3.7 billion in consular fee revenues annually to provide consular services, for an annual average of \$3.2 billion; and
- collected between \$192 million and \$589 million more in consular fee revenues annually than it obligated, for an annual average of \$367 million.

During this period, CA collected more in consular fee revenues than it used to cover the costs of providing consular services, as shown in figure 6. Consular fee revenue covered 105 percent to 117 percent of yearly obligations, for an annual average of 111 percent from fiscal years 2013 through 2019. For a year-by-year comparison of consular fee revenues and obligations, see appendix IV.

Figure 6: Department of State Consular Fee Revenues and Obligations, Fiscal Years 2013–2019



Source: GAO analysis of Department of State data. | GAO-22-104424

Accessible Data Table for Figure 6

| Dollars in billions | | |
|---------------------|------------------|-------------|
| Fiscal Year | Retained Revenue | Obligations |
| 2013 | 2.793 | 2.417 |
| 2014 | 3.101 | 2.766 |
| 2015 | 3.448 | 3.155 |
| 2016 | 3.903 | 3.711 |
| 2017 | 4.069 | 3.481 |
| 2018 | 3.927 | 3.464 |
| 2019 | 3.962 | 3.642 |

Notes: From fiscal years 2013 through 2019, State retained collections from the expedited passport fee, but these revenues were transferred to State’s Information Technology Central Fund and were not made available to cover the costs of consular operations through the Consular and Border Security Programs account, according to State documentation and officials. These transfers to the Information Technology Central Fund are not reflected in the obligations bar.

State uses consular fee revenues to cover the costs of providing consular services, including funding salaries, CA operations, and partner bureau

services in support of consular operations.⁴⁰ From fiscal years 2015 through 2019, CBSP salaries accounted for 17 percent to 19 percent of these costs, CA operations accounted for 65 percent to 67 percent, and partner bureau operations accounted for 15 percent to 16 percent.⁴¹

A reliance on MRV fee revenues to fund a range of consular services, while also transferring certain fee collections to the General Fund and not being able to charge any fee for some services, has created a structural imbalance in the CBSP, according to State officials. From fiscal years 2013 through 2019, CA obligated a total of \$22.6 billion to provide consular services. CA covered 61 percent of these costs (\$13.8 billion) with MRV fee revenues, on average. During this period, 55 percent of consular fee revenue came from the MRV fee, on average. CA relied more heavily on MRV fee revenues to fund consular operations because it had the ability to use these revenues broadly on any consular service, according to State officials.

CA Accumulated About \$2 Billion in Carryover Balance by the End of Fiscal Year 2019, with a Growing Share in Subaccounts with Narrower Expenditure Authorities

CA ended fiscal year 2013, the first year consular operations were fully fee-funded, according to State officials, with \$1.19 billion in total carryover balance funding into fiscal year 2014. In each of the next six fiscal years, CA collected and retained more in consular fee revenue than it used to cover the costs of consular services, resulting in a total carryover balance that generally grew over time. By the end of fiscal year 2019, the last full fiscal year prior to the start of the pandemic, CA had accumulated a total carryover balance of approximately \$2.0 billion, an amount equivalent to 54 percent of its obligations on consular services that year. CA considers

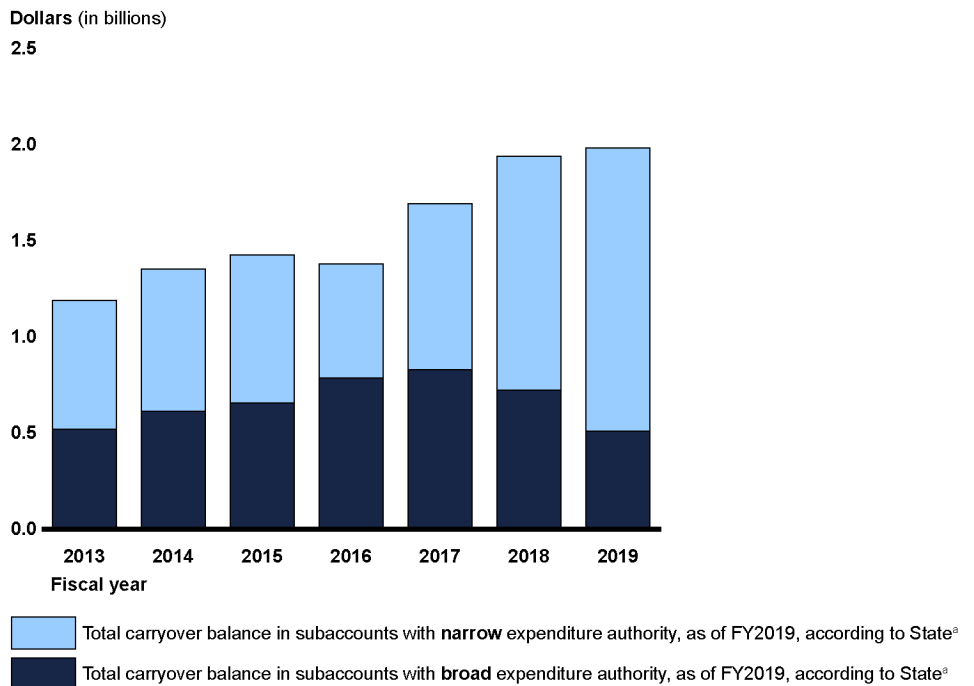
⁴⁰As of fiscal year 2019, 9,060 full-time equivalent employees worked in providing domestic and overseas consular services, according to State documentation. This number included approximately 2,395 domestic positions (civil service and foreign service officers) and 6,665 overseas positions (foreign service officers and locally employed staff, among others).

⁴¹CA operations funded through the CBSP include consular systems and technology, domestic executive support, fraud prevention programs, overseas citizen services, overseas support, passport services, and visa services, among others. Partner bureau operations funded through the CBSP include the Bureau of Administration, Diplomatic Security, and Overseas Building Operations, among others. For additional data on consular fee obligations by type, see appendix IV.

25 percent to be a healthy carryover balance target at the end of each fiscal year, according to State officials.⁴² State officials also told us that maintaining a healthy carryover balance amount is essential to ensuring CA’s ability to make necessary obligations at the beginning of the year, noting that consular fee revenue is not earned evenly over the course of a year, but instead peaks in spring and summer.

CA’s total carryover balance grew in five of the six fiscal years from 2014 through 2019, as shown in figure 7.⁴³

Figure 7: Department of State Consular Fee Carryover Balance Growth, Fiscal Years 2013–2019



Source: GAO analysis of Department of State data. | GAO-22-104424

⁴²According to State officials, CA’s official target is to maintain a minimum 25 percent carryover by retained fee each year. We have previously found that, for programs where fees are expected to cover all or most program costs, and especially when program costs do not necessarily decline with a drop in fee collections, a carryover reserve is important. GAO, *Federal User Fees: Fee Design Options and Implications for Managing Revenue Instability*, GAO-13-820 (Washington, D.C.: Sept. 30, 2013).

⁴³For more data on CA’s carryover balance growth over time, see appendix IV.

Accessible Data Table for Figure 7

Dollars in billions

| Fiscal Year | Total carryover balance in subaccounts with broad expenditure authority, as of FY2019, according to State ^a | Total carryover balance in subaccounts with narrow expenditure authority, as of FY2019, according to State ^a |
|-------------|--|---|
| FY2013 | \$0.519 | \$0.671 |
| FY2014 | \$0.614 | \$0.739 |
| FY2015 | \$0.656 | \$0.771 |
| FY2016 | \$0.786 | \$0.593 |
| FY2017 | \$0.828 | \$0.865 |
| FY2018 | \$0.724 | \$1.216 |
| FY2019 | \$0.508 | \$1.473 |

^aState officials characterize a consular fee as having “broad” expenditure authority if the revenues from the fee can be used to cover the costs of any consular service, not just a specific type of service or cost, and are not limited to the type of service for which the fee was charged. State officials characterize a consular fee as having “narrow” expenditure authority if the revenues from the fee can only cover the costs of the consular service for which the fee was charged or are otherwise limited to a specific type of service or cost.

Notes: From fiscal years 2013 through 2019, State retained collections from the expedited passport fee, but these revenues were transferred to State’s Information Technology Central Fund and were not made available to cover the costs of consular operations through the Consular and Border Security Programs account, according to State documentation and officials. State’s carryover balance growth each year (fiscal years 2013 through 2019) generally was equivalent to the amount of consular fee revenues retained (less expedited passport fee revenues transferred to the Information Technology Central Fund) less Consular and Border Security Programs obligations to cover the costs of consular services.

Although its total carryover balance grew from fiscal years 2013 through 2019, CA’s carryover balances in individual fee-specific subaccounts fluctuated as fee revenues varied by type of service. In addition, as of fiscal year 2019, CA generally drew down carryover balances in subaccounts with broader expenditure authorities (where State has determined that revenues can be used to cover the costs of providing any consular service), such as the MRV fee. At the same time, State accumulated larger carryover balances in other subaccounts, such as the PSS and WHTI fee, with more narrow expenditure authorities. By the end of fiscal year 2019, more than two-thirds of the total carryover balance was in PSS and WHTI fee revenues, and MRV fee revenues with broader expenditure authority accounted for less than one-quarter of the total carryover balance.

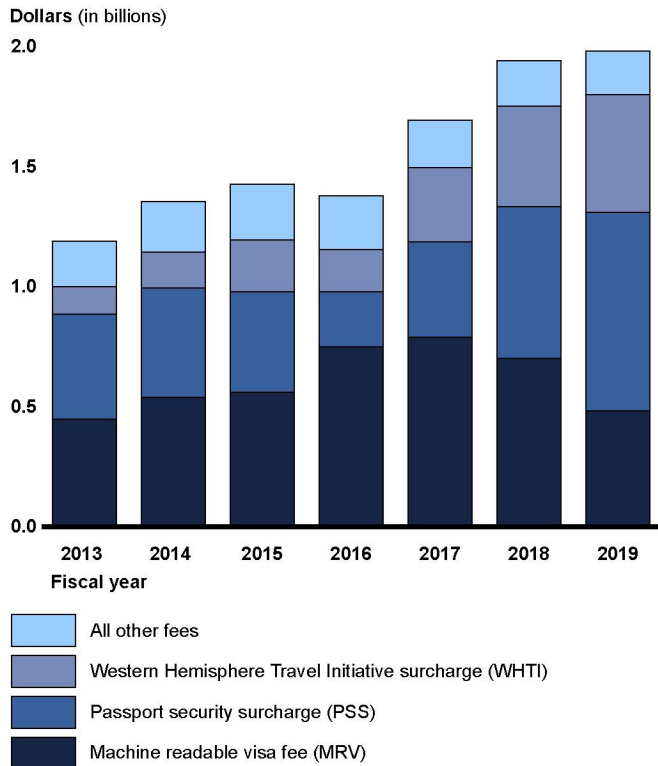
CA has relied on MRV fee revenues to cover the costs of consular services, according to State officials, although MRV fee revenues fluctuated in fiscal years 2013 through 2019. CA’s MRV fee carryover balance grew from fiscal years 2013 through 2017. This growth resulted from general increases in the number of visa applications received and

MRV fees paid, according to State documentation and officials. Demand for nonimmigrant visa services began to decrease in fiscal year 2017, leading to a decrease in MRV fee revenues. As a result, CA began to draw down the MRV fee carryover balance in fiscal year 2017 to continue covering the costs of overseas citizen services, according to State documentation and officials.

Meanwhile, PSS carryover balances grew in 4 of the 7 fiscal years from 2013 through 2019, and WHTI carryover balances grew in 5 of the same 7 fiscal years. The volume of passport services provided and associated PSS and WHTI fee revenues also generally increased in those 7 fiscal years. In fiscal year 2016, CA drew down the PSS and WHTI carryover balances to cover costs associated with an anticipated surge in passport applications on the tenth anniversary of the WHTI implementation.⁴⁴ PSS and WHTI carryover balances generally grew over time, as shown in figure 8. According to State officials, this growth occurred in part because CA could only use these revenues on enhanced border security-related costs or the costs of meeting increased demand for passports, and because CA was not able to use these revenues to cover the cost of providing consular services broadly.

⁴⁴The tenth anniversary of the WHTI fell in fiscal year 2017 and generated a surge in demand for passport renewals because adult passports have a 10-year validity period. Ahead of the anniversary, in fiscal year 2016 CA launched a public relations campaign to remind U.S. citizens to renew their passports. CA also purchased needed supplies and hired additional contractors and employees to adjudicate the high number of applications, according to State documentation. CA used the PSS and WHTI carryover balances to cover these costs.

Figure 8: Department of State Carryover Balance by Consular Fee, Fiscal Years 2013–2019



Source: GAO analysis of Department of State data. | GAO-22-104424

Accessible Data Table for Figure 8

Dollars in billions

| Fiscal Year | Machine readable visa fee | Passport security surcharge | Western Hemisphere Travel Initiative surcharge | All other fees |
|-------------|---------------------------|-----------------------------|--|----------------|
| 2013 | 0.446 | 0.439 | 0.114 | 0.190 |
| 2014 | 0.539 | 0.455 | 0.149 | 0.211 |
| 2015 | 0.560 | 0.418 | 0.216 | 0.233 |
| 2016 | 0.749 | 0.229 | 0.177 | 0.223 |
| 2017 | 0.788 | 0.397 | 0.310 | 0.198 |
| 2018 | 0.701 | 0.632 | 0.418 | 0.189 |
| 2019 | 0.481 | 0.827 | 0.492 | 0.181 |

Notes: From fiscal years 2013 through 2019, State used fee revenues and carryover balances from the MRV fee and some portion of the “all other fees” category shown above broadly to cover the costs of providing consular services (visa, passport, and overseas citizen services), according to State data. During this period, State used PSS and WHTI fee revenues and carryover balances to cover enhanced border security-related costs of passport services and the costs of meeting increased demand for passports, respectively. State’s total carryover balance decreased in fiscal year 2016

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because it used PSS and WHTI carryover balances to prepare for and process an anticipated surge in passport applications associated with the tenth anniversary of the WHTI.

For additional data on consular fee revenues, obligations, and carryover balances prior to the pandemic, see appendix IV.

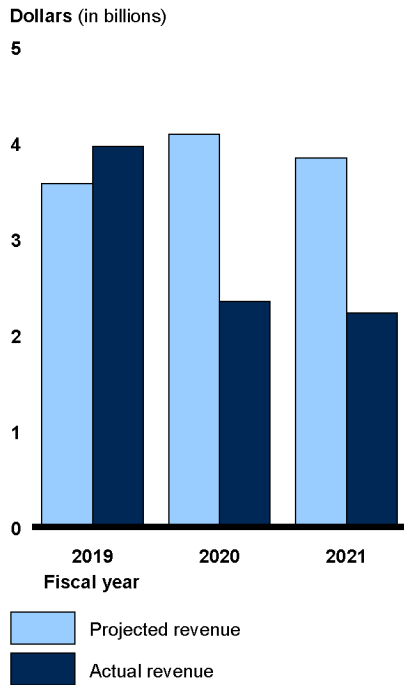
State Used Supplemental and Annual Appropriations and Expenditure Flexibilities to Address the Decline in Consular Fee Revenue Caused by the Pandemic

State was able to offset the decline in consular fee revenue in fiscal year 2020, largely attributed to the COVID-19 pandemic and its adverse effect on international travel, by relying on (1) supplemental and annual appropriations, (2) temporarily expanded expenditure and transfer authorities, and (3) the drawing down of existing carryover balances. In this way, CA was able to continue consular operations and offset the decrease in fees and surcharges collected and deposited into the CBSP account.

Consular Fee Revenue Declined from \$4 Billion in Fiscal Year 2019 to \$2.3 Billion in Fiscal Year 2020

The pandemic adversely affected international travel, resulting in a decline in passport and visa applications and a corresponding decline in the fee revenue collected for these services. Specifically, in fiscal year 2019, CA collected nearly \$4 billion in consular fee revenue, but in fiscal year 2020, the total revenue had decreased by 41 percent to \$2.3 billion in large part because of the pandemic, according to CA data. Consular services provided fell approximately 45 percent in fiscal year 2020, with demand for nonimmigrant visas services down nearly 55 percent and passport services down more than 40 percent. Consular fee revenue has not yet returned to fiscal year 2019 levels, as shown in figure 9. CA also processed thousands of special immigrant visas in fiscal year 2021, some of which do not require a fee, largely because of a massive influx of Afghan citizens, according to State documents.

Figure 9: Actual and Projected Consular Fee Revenue, Fiscal Years 2019–2021



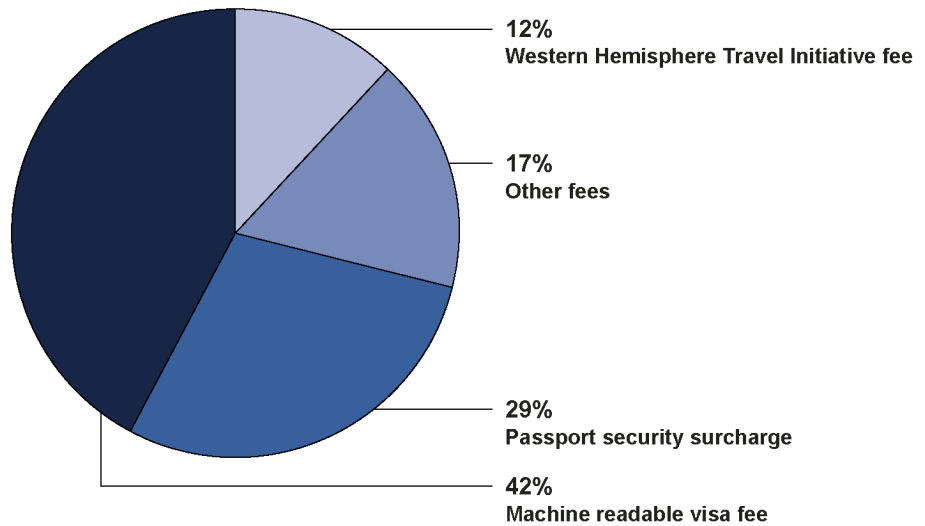
Source: GAO analysis of Department of State data. | GAO-22-104424

Accessible Data Table for Figure 9

| Dollars in billions | | |
|---------------------|-------------------|----------------|
| Fiscal Year | Projected revenue | Actual revenue |
| 2019 | 3.6 | 4.0 |
| 2020 | 4.0 | 2.3 |
| 2021 | 3.8 | 2.2 |

Despite the decline in consular fee revenue in fiscal year 2021, the number of passport applications was higher than projected, according to State officials. In fiscal year 2020, three fees—the MRV, PSS, and WHTI fees—accounted for 83 percent of all consular fee revenue collected. MRV fee revenue alone accounted for 42 percent of annual consular fee revenue, while revenue from the PSS and WHTI fees combined also accounted for 41 percent. The six other retained fees combined accounted for the remaining 17 percent of the revenue, as shown in figure 10. MRV fee revenue, which CA has used historically to cover the costs of providing some consular services, declined by nearly 50 percent between fiscal years 2019 and 2020.

Figure 10: Revenue by Consular Fee, Fiscal Year 2020



Source: GAO analysis of Department of State data. | GAO-22-104424

Accessible Data Table for Figure 10

| Machine Readable Visa Fee | Passport Security Surcharge | Western Hemisphere Travel Initiative Fee | Other Fees |
|---------------------------|-----------------------------|--|------------|
| 42 | 29 | 12 | 17 |

State Addressed Revenue Decline in Fiscal Year 2020 by Using Supplemental and Annual Appropriations and Leveraging Expenditure and Transfer Flexibilities to Use Carryover Balances

State Used Supplemental and Annual Appropriations to Maintain Consular Operations and Offset Losses

CA has relied on over \$500 million in supplemental and annual appropriations to fund consular operations in fiscal years 2020 and 2021. These funds were included in the following acts:

- Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020.**⁴⁵ The passage of this act in early March 2020 provided \$264 million in Diplomatic Programs funds for necessary expenses to prevent, prepare for, and respond to COVID,

⁴⁵Pub. L. No. 116-123, 134 Stat. 146 (March 6, 2020).

including for maintaining consular operations. The act permitted State to transfer these funds from the Diplomatic Programs account to the CBSP account to maintain consular operations impacted by coronavirus.⁴⁶ State transferred \$72.1 million of these funds to the CBSP account for CA to use for the purpose of maintaining consular operations impacted by the pandemic, according to State officials. These funds are available until September 30, 2022.

- **CARES Act.**⁴⁷ The passage of this act in late March 2020 provided \$324 million in Diplomatic Programs funds for necessary expenses to prevent, prepare for, and respond to COVID, including for maintaining consular operations. The act permitted State to transfer these funds from the Diplomatic Programs account to the CBSP account to maintain consular operations impacted by coronavirus.⁴⁸ According to State officials, State transferred \$201 million of these funds to the CBSP account for CA to use for the purpose of maintaining consular operations impacted by the pandemic. These funds are also available until September 30, 2022.
- **Consolidated Appropriations Act, 2021.**⁴⁹ The passage of this act in late December 2020 provided \$300 million directly to the CBSP account to prevent, prepare for, and respond to coronavirus, domestically or internationally, to offset losses resulting from the coronavirus pandemic of fees and surcharges collected and deposited into the CBSP account. These funds are to remain available until expended.⁵⁰
- **American Rescue Plan Act of 2021.**⁵¹ The passage of this act in March 2021 provided \$204 million to State to carry out the authorities, functions, duties, and responsibilities in the conduct of the foreign affairs of the United States to prevent, prepare for, and respond to COVID domestically or internationally, including for maintaining consular operations. According to State officials, State transferred

⁴⁶Pub. L. No. 116-123, 134 Stat. 152-53.

⁴⁷Pub. L. No. 116-136, 134 Stat. 281 (March 27, 2020).

⁴⁸Pub. L. No. 116-136, 134 Stat. 590-91.

⁴⁹Pub. L. No. 116-260, 134 Stat. 1182 (Dec. 27, 2020).

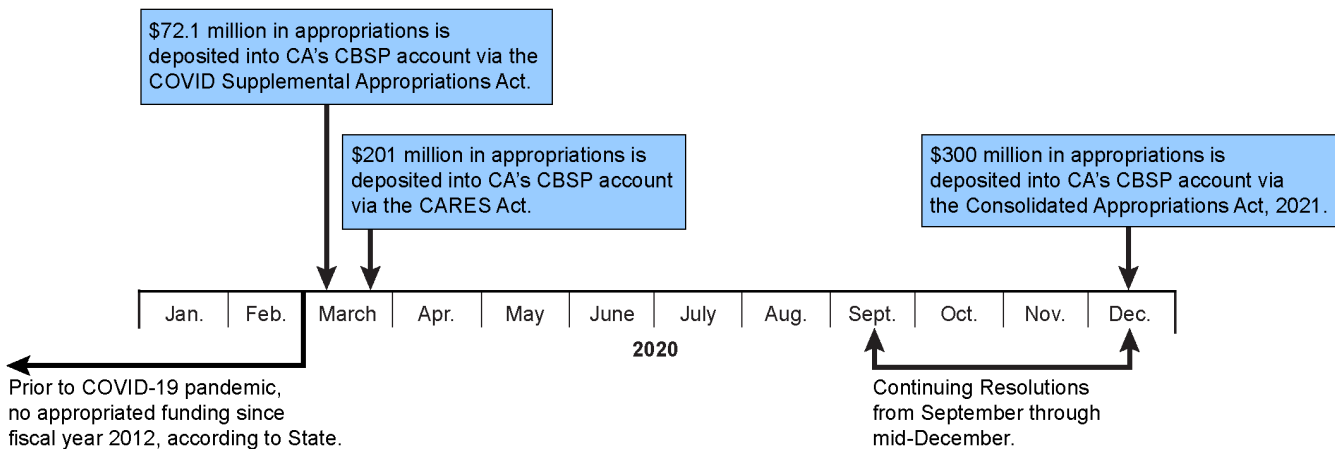
⁵⁰Pub. L. No. 116-260, 134 Stat. 1821.

⁵¹Pub. L. No. 117-2, 135 Stat. 4 (March 11, 2021).

\$150 million of these funds to CA. These funds are available until September 30, 2022.

CA has used these funds to cover the costs of a variety of consular services. Specifically, CA has used the funds for U.S. direct hire and locally employed staff salaries and benefits, and to support repatriation activities through the Overseas Citizen Services directorate and Domestic Executive Support activities. Figure 11 provides a timeline of supplemental and annual funding provided to State during the pandemic.

Figure 11: Supplemental and Annual Appropriations Provided to the Department of State during the Pandemic, Fiscal Years 2020 and 2021



Legend: CA = Consular Affairs; CBSP = Consular and Border Security Programs.
 Source: GAO analysis of Department of State data. | GAO-22-104424

Notes: "COVID Supplemental Appropriations Act" refers to the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020, Pub. L. No. 116-123, 134 Stat. 146 (March 6, 2020). CARES Act refers to the Coronavirus Aid, Relief, and Economic Security Act, Pub. L. No. 116-136, 134 Stat. 281 (March 27, 2020). Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, 134 Stat. 1182 (Dec. 27, 2020).

State Used Expanded Expenditure and Transfer Authorities to Cover the Costs of Providing Consular Services

Since the start of the pandemic, acts of Congress have provided State with authority to expend fee revenue and carryover balances from prior fiscal years in ways it previously could not through expanded expenditure authorities and extensions of those authorities. These acts also authorized State to transfer certain funds appropriated under the acts to the CBSP account to maintain consular operations impacted by the COVID-19 pandemic. These authorities include the following:

- The authority to transfer funds appropriated under the acts from the Diplomatic Programs account to the CBSP account to maintain consular operations impacted by the COVID-19 pandemic, a flexibility provided by the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020, and the CARES Act, both of March 2020.
- The authority to use PSS and IVSS revenue to cover the costs of providing consular services through the end of fiscal year 2020, a flexibility provided by the CARES Act of March 2020.⁵² These funds were to be prioritized for U.S. citizen services. This authority was extended through the end of fiscal year 2021 by the Consolidated Appropriations Act, 2021, in December 2020.⁵³
- The authority to use WHTI revenue to cover the costs of providing consular services. This flexibility was provided in the Consolidated Appropriations Act, 2021, in December 2020, and was effective through fiscal year 2021.⁵⁴
- The authority to use fees deposited in the Fraud Prevention and Detection account to cover the costs of providing consular services as well. This flexibility was provided by the Consolidated Appropriations Act, 2021, of December 2020, and it was effective through fiscal year 2021.⁵⁵
- The authority to transfer discretionary amounts appropriated to the Administration of Foreign Affairs account for fiscal year 2021 under the act, and discretionary unobligated balances from prior years in the same account to the CBSP account. To exercise this authority, the Secretary of State must determine and report to the Committees on Appropriations that to do so is necessary to sustain consular operations, following consultation with the Committees. This authority

⁵²According to State documentation, costs associated with the provision of consular services include all costs, including, but not limited to: labor (U.S. direct hire, locally employed staff, and contract staff); travel and transportation; facilities (including rental, construction, renovations, and maintenance); supplies; information technology equipment; services; and support; additional support services; and associated partner bureau costs.

⁵³The Consolidated Appropriations Act, 2022, Pub. L. No. 117-103, § 7069(b) (Mar. 15, 2022) extended this authority through fiscal year 2022.

⁵⁴The Consolidated Appropriations Act, 2022, § 7069(a) extended this authority through fiscal year 2022.

⁵⁵The Consolidated Appropriations Act, 2022, § 7069(d) provided this authority through fiscal year 2022.

was provided by the Consolidated Appropriations Act, 2021, of December 2020, and was effective through fiscal year 2021.⁵⁶

State Used Carryover Balances to Cover the Costs of Providing Consular Services

Carryover balances from the prior fiscal year were another source of revenue used by CA to address the decline in consular fee revenue. CA drew down its carryover balances in fiscal years 2020 and 2021 from the nine consular fees from which fee revenue is retained. According to State data, CA carried over nearly \$2 billion from the end of fiscal year 2019 into 2020. However, because of the pandemic's adverse effect on consular fee revenue, CA carried over \$1.2 billion from the end of fiscal year 2020 into 2021, a 39 percent decrease from the prior year.

State's CBSP Account Carryover Balance Unlikely to Meet the Targeted Threshold if Revenue Does Not Quickly Rebound, and State Has Requested Changes to Address Anticipated Revenue Instability

We developed a model to assess CA's ability to meet the targeted CBSP account carryover balance of 25 percent of obligations across five different revenue scenarios through fiscal year 2026. We project that CA's CBSP account carryover balance will decline and is not likely to meet the targeted threshold if revenues do not return to pre-pandemic levels in fiscal year 2022.⁵⁷ In addition to assessing the CBSP carryover balance, we assessed the likelihood of annual revenues retained in each fee-specific subaccount within the CBSP account being sufficient to cover projected costs based upon historical obligations against each subaccount across the five different revenue scenarios through fiscal year 2026. State has requested statutory changes to its fee authorities to provide CA greater flexibility in how it sets consular fees or uses consular

⁵⁶The Consolidated Appropriations Act, 2022, § 7069(c) provided this authority through fiscal year 2022.

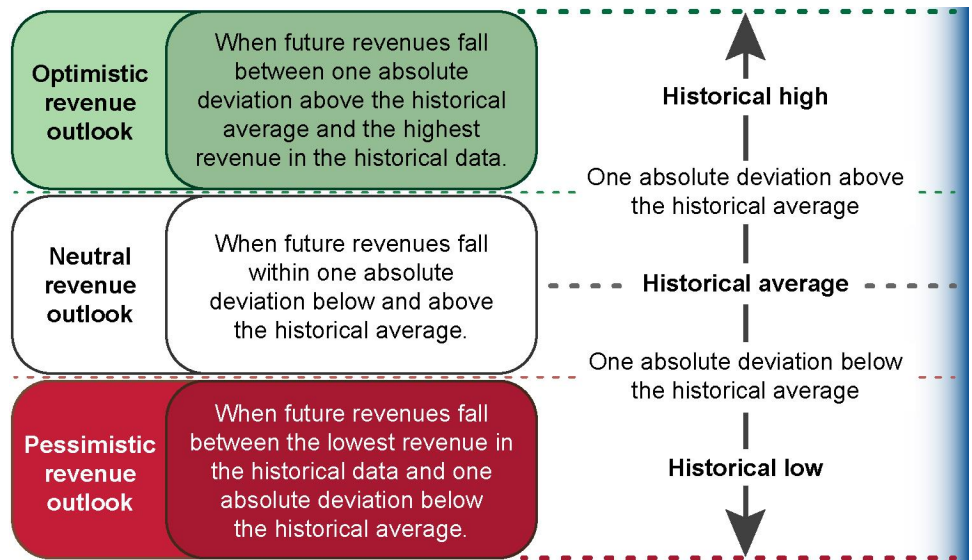
⁵⁷We used CA's 25 percent carryover target by retained fee each year in our model, by calculating 25 percent of average historical obligations against the CBSP account as a whole. We present this as the benchmark value and use this calculation to determine the likelihood of State meeting the targeted threshold.

fee revenues in each of the last 8 fiscal years. However, CA has not documented its analysis of the potential impact the requested changes would have on its carryover balances or its ability to cover the costs of consular services.

Our Model Simulated Five Scenarios Reflecting Various Outlooks on Future Revenue

To model CA’s future revenue stream through fiscal year 2026, we used five scenarios that combined pessimistic, neutral, and optimistic revenue outlook projections. We classified the revenue projections into these categories on the basis of State’s historical revenue information from fiscal years 2013 through 2020. Figure 12 shows the construction of the projected revenue outlooks used in our projection model.

Figure 12: Possible Outlooks for Future Department of State Bureau of Consular Affairs Fee Revenues



Source: GAO. | GAO-22-104424

Notes: Absolute deviation is the average of the absolute value of the difference between the data points and their mean. We relied on historical data from State’s Bureau of Consular Affairs from the period of fiscal years 2013 through 2020. The ranges associated with the revenue outlooks for the CBSP account and its fee-specific subaccounts vary; see GAO-22-104424, appendix V for more details.

The following five scenarios reflect various assumptions about CA’s future revenue outlooks:

- Scenario 1 assumes a slow recovery of future revenues with CA's revenue not returning to pre-COVID-19 pandemic levels until fiscal year 2024. Specifically, scenario 1 assumes pessimistic revenue in fiscal years 2022 and 2023, then neutral in fiscal year 2024 and thereafter.
- Scenario 2 assumes CA's revenue returns to pre-pandemic levels in fiscal year 2023. Specifically, scenario 2 assumes pessimistic revenue in fiscal year 2022, then neutral in fiscal year 2023 and thereafter.
- Scenario 3 assumes the status quo with CA's revenue returning to pre-pandemic levels in fiscal year 2022. Specifically, scenario 3 assumes neutral revenue in fiscal year 2022 and thereafter.
- Scenario 4 assumes an initial slow recovery, followed by a post-pandemic surge, and then a return to the status quo. Specifically, with this scenario we assume CA's revenue does not return to pre-pandemic levels in fiscal year 2022, has a post-pandemic surge in fiscal year 2023, and returns to pre-pandemic levels in fiscal year 2024. Specifically, scenario 4 assumes pessimistic revenue in fiscal year 2022, optimistic in fiscal year 2023, and neutral in fiscal year 2024 and thereafter.
- Scenario 5 assumes CA's revenue has a post-pandemic surge in fiscal year 2022 and returns to pre-pandemic levels in fiscal year 2023. Specifically, scenario 5 assumes optimistic revenue in fiscal year 2022 and neutral thereafter.

To assess the likelihood of CA meeting the targeted CBSP account carryover balance of 25 percent of obligations and the likelihood of yearly revenue retained in each fee-specific subaccount being sufficient to cover yearly projected costs based on historic obligations against each subaccount across these five scenarios, we also made several assumptions to control for other future uncertainties (see text box below).

GAO Projection Model for the Department of State’s Consular and Border Security Programs (CBSP) Balances: Additional Assumptions and Considerations

We developed a model to assess State’s ability to meet the targeted CBSP account carryover balance and the likelihood that annual revenues for fee-specific subaccounts would be sufficient to cover projected costs based upon historical obligations across five different revenue scenarios through fiscal year 2026. Our model includes the following assumptions and considerations:

- **Expedited passport fee:** Although the historical (fiscal years 2013 through 2020) revenue and obligation data we analyzed did not include the expedited passport fee, our modeling assumes full access to these revenues (100 percent utilization) given State’s plans to deposit all expedited passport fee revenues into the CBSP account in fiscal year 2022 and thereafter.
- **Appropriations and special funding:** Our model does not assume the provision of additional appropriations to support consular services, starting in fiscal year 2022, or the supplemental or annual appropriations Congress provided State in fiscal years 2020 and 2021.
- **Individual fees for consular services:** Our model reflects retained fee amounts as of November 2021. We assume that the fee amounts that State’s Bureau of Consular Affairs (CA) charges for consular services, such as for passports and visas, will not change through fiscal year 2026. As such, the passport security surcharge (PSS) increase effective December 27, 2021, is not reflected in our modeling.^a (For more information, see GAO-22-104424, app. V.)
- **Transfers to the General Fund:** We assume the authorities under which CA transfers collections to the General Fund remain consistent.^b In addition, we examined the results of our simulations in cases where State’s transfer level differed from historical averages. (For more information, see GAO-22-104424, app. V.)
- **Projected costs:** We assume projected cost levels reflect both fluctuations in revenues and annual growth by 3 percent based on the Congressional Budget Office’s prediction in the Employment Cost Index. Projected costs are based on historical obligations by subaccount and assume that obligations by subaccount remain consistent, other than the projected 3 percent annual growth.^c Our model does not account for the possibility that State could make additional future adjustments in costs.
- **CBSP account carryover balance:** To assess State’s ability to meet the targeted CBSP account carryover balance of 25 percent of obligations, we assume the carryover balance can be lower than zero, though in practice CA’s carryover balance in future years cannot be lower than zero.
- **Fee-specific subaccount balances:** Our model only looks at yearly projected revenue and cost by subaccount, does not assume any carryover balances for the subaccounts, and does not account for the possibility that State could make additional future adjustments to costs or the subaccount used to cover those costs.

Source: GAO. | GAO-22-104424

^aAssuming the quantity of passport applications demanded remains similar to historical levels (averaged across fiscal years 2013 through 2020), the \$20 increase in the PSS could result in up to \$316 million in additional annual revenue.

^bOur model does not reflect the new authority enacted on March 15, 2022 which provides that, beginning October 1, 2021, and for each fiscal year thereafter, passport application and execution fees shall be deposited in the CBSP account. Consolidated Appropriations Act, 2022, Pub. L. No. 117-103, § 7069(e). According to the joint explanatory statement accompanying the act, this new authority shifts passport application and execution fees currently deposited in the General Fund to State to support consular operations, which is estimated to provide a minimum of \$340 million in additional resources for consular operations in fiscal year 2022.

^cWe identified an error in State’s historical obligations data for fiscal year 2019. According to State, the total CBSP obligations for fiscal year 2019 was \$3,641,307,000, which is \$228,000 less than was reported in the fiscal year 2021 Congressional Budget Justification, and a decrease of 0.006 percent. Our model is based on the fiscal year 2019 obligations total published in the Congressional Budget Justification and does not account for the revised obligations amount.

Beginning with fiscal year 2022, we estimate each year’s CBSP account carryover balance as the sum of the prior year’s carryover balance and

the current year's retained collections (i.e., revenue), minus the current year's CA-predicted obligations.⁵⁸ For each of the five revenue scenarios, we present the median value of the overall CBSP account carryover balance and the median value of the difference between projected revenue and cost for its fee-specific subaccounts across the 10,000 simulations.⁵⁹ See appendix V for further details from the simulations, including the expected ranges of the CBSP account carryover balance and difference between projected revenue and costs by subaccount.

Overall CBSP Account Carryover Balance Likely to Decline and Unlikely to Meet the Targeted Threshold Unless Revenue Recovers in Fiscal Year 2022

With the current carryover balances remaining in the CBSP account, State may not meet the carryover balance targeted threshold of 25 percent of obligations in the future if CA's fee authorities and fee amounts remain consistent.⁶⁰ Additionally, our simulation projects that carryover balances likely will decline across all scenarios from fiscal years 2022 to 2026, if fee amounts remain consistent. For example, even in scenario 5 (where there is a post-pandemic surge in fiscal year 2022 and a return to pre-pandemic levels in fiscal year 2023), we project that the CBSP carryover balance would decline from \$1.2 billion in fiscal year 2022 to less than \$800 million by fiscal year 2026. As mentioned earlier, during the pandemic, State drew down CBSP account carryover balances to cover some costs of consular services. Starting in fiscal year 2020, State also began phasing in expedited passport fee revenue as a new source of funding for the CBSP account that can be used broadly for providing any

⁵⁸We start with CA's fiscal year 2021 carryover balance as provided by State officials. According to State officials, these are preliminary figures as of November 2021 and final data will be published as part of the fiscal year 2022 Operating Plan and the fiscal year 2023 President's Budget.

⁵⁹The median, or 50th percentile, refers to the middle value when the values are arranged in order of size.

⁶⁰Over fiscal years 2013 through 2020, obligations against the CBSP account averaged \$3.21 billion. Using the targeted threshold of having the CBSP account carryover balance equal to at least 25 percent of obligations, we calculated the targeted amount to be \$803 million on the basis of the average historical obligations.

consular service, according to State officials.⁶¹ However, we found that State's carryover balance may still not meet the targeted threshold in some fiscal years unless revenues return to pre-pandemic levels in fiscal year 2022.

Our simulations indicate that the overall CBSP account future balance will likely have different outcomes based on different future revenue scenarios from fiscal years 2022 through 2026. However, our simulation results across the scenarios indicate that the CBSP account carryover balance may still not meet the targeted threshold of 25 percent of obligations in some fiscal years unless revenues return to pre-pandemic levels in fiscal year 2022. According to State officials, fee revenue may not return to pre-pandemic levels for quite a while. Further, in its fiscal year 2022 Congressional Budget Justification, State estimates the fiscal year 2022 fee revenue to remain depressed at \$2.8 billion, an amount that corresponds to our pessimistic revenue outlook. Our simulations also show that in all five revenue scenarios, the median value of the CBSP account carryover balance across our simulations is below the targeted threshold in fiscal year 2026. Our simulations also show that projected revenue may be sufficient to cover projected obligations in fiscal year 2023 in four of the five revenue scenarios. However, projected revenue will not be sufficient to cover projected obligations through fiscal year 2026 across all five revenue scenarios.⁶² Specifically, our simulations show the following:

- If CA's revenue does not recover to pre-pandemic levels until fiscal year 2024 (scenario 1), our simulations indicate that the carryover balance of the CBSP account has a greater likelihood of being unable to meet the targeted threshold through fiscal year 2026. Further, the

⁶¹State plans to deposit expedited passport fee revenue into the CBSP account for consular services usage only starting in early 2022. According to State officials, while the expedited passport fee authority permits these revenues to be used to cover the costs of providing any consular service, State chose not to make these funds available to cover the costs of consular services until fiscal year 2020, the first year in a 3-year plan to phase expedited passport fee revenue into the CBSP account. This plan transitioned expedited passport fee revenues from supporting the Information Technology Central Fund to supporting the CBSP account, with gradually increasing amounts being allocated to the CBSP account. For example, in fiscal year 2020, \$15 million of the \$131 million total revenue collected in expedited passport fees was deposited into the CBSP account, with the remaining balance used to support the Information Technology Central Fund.

⁶²If CA's revenue does not recover to pre-pandemic levels until fiscal year 2024 (scenario 1), our simulations indicate that revenue will not be sufficient to cover projected obligations through fiscal year 2026.

median value of the CBSP account carryover balance across our simulations under this scenario is -\$180 million in fiscal year 2026.⁶³

This means that CA would have to reduce its projected obligations for consular services from fiscal years 2022 through 2026 by \$180 million, or take other actions as appropriate.

- If CA's revenue recovers to pre-pandemic levels in fiscal year 2023 (scenario 2), our simulations indicate that the carryover balance of the CBSP account has a greater likelihood of being unable to meet the targeted threshold through fiscal year 2026. Further, the median value of the CBSP account carryover balance across our simulations under this scenario is \$151 million in fiscal year 2026.⁶⁴
- If CA's revenue recovers to pre-pandemic levels in fiscal year 2022 (scenario 3), our simulations indicate that while the CBSP account carryover balance has a greater likelihood of being able to meet the targeted threshold through fiscal year 2024, it has a greater likelihood of being unable to meet the targeted threshold in fiscal years 2025 and 2026. Further, the median value of the CBSP account carryover balance across our simulations under this scenario is \$496 million in fiscal year 2026.⁶⁵
- If CA's revenue recovers to pre-pandemic levels with a relatively high level of revenue in fiscal year 2023 (scenario 4), our simulations indicate that while the CBSP account carryover balance has a greater likelihood of being able to meet the targeted threshold in fiscal years 2023 and 2024, it has a greater likelihood of being unable to meet the targeted threshold in fiscal years 2022, 2025, and 2026. Further, the

⁶³A median value of -\$180 million suggests that the lowest 50 percent of the 10,000 simulation cases had balances of -\$180 million or less. For fiscal year 2026, our simulation results found that the 10th percentile across the 10,000 simulations corresponded to a balance of -\$465 million and the 90th percentile, to \$106 million. See appendix V for the 10th and 90th percentiles across fiscal years 2022 through 2026 corresponding to our simulation results for the CBSP account carryover balance.

⁶⁴For fiscal year 2026, our simulation results found that the 10th percentile across the 10,000 simulations corresponded to a balance of -\$160 million and the 90th percentile, to \$465 million. See appendix V for the 10th and 90th percentiles across fiscal years 2022 through 2026 corresponding to our simulation results for the CBSP account carryover balance.

⁶⁵For fiscal year 2026, our simulation results found that the 10th percentile across the 10,000 simulations corresponded to a balance of \$154 million and the 90th percentile, to \$842 million. See appendix V for the 10th and 90th percentiles across fiscal years 2022 through 2026 corresponding to our simulation results for the CBSP account carryover balance.

median value of the CBSP account carryover balance across our simulations under this scenario is \$384 million in fiscal year 2026.⁶⁶

- If CA's revenue recovers to pre-pandemic levels with a relatively high level of revenue in fiscal year 2022 (scenario 5), our simulations indicate that the CBSP account carryover balance has a greater likelihood of being able to meet the targeted threshold through fiscal year 2025. However, the median value of the CBSP account carryover balance across our simulations under this scenario is \$740 million in fiscal year 2026, which is below the targeted threshold.⁶⁷

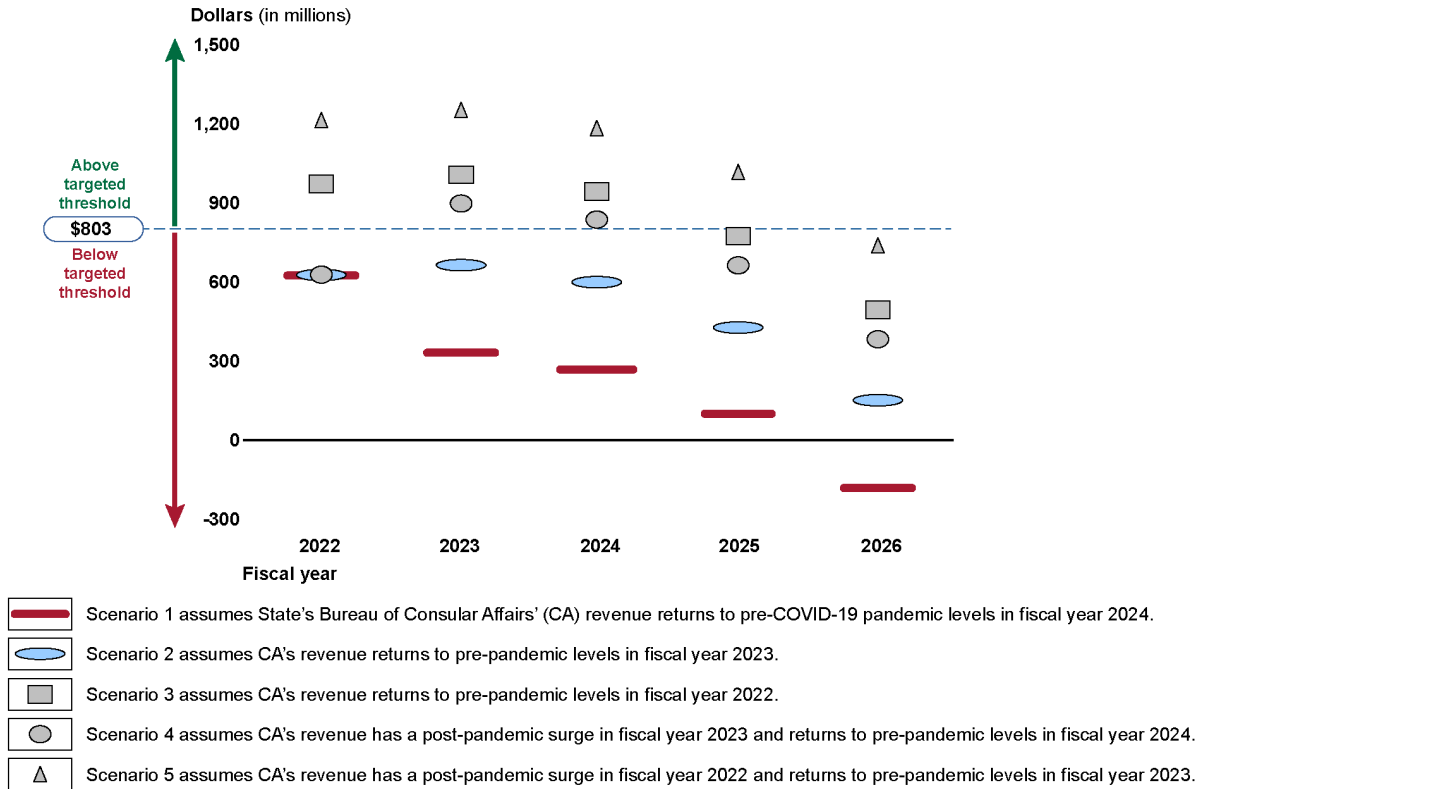
Figure 13 shows the median of the projected CBSP account carryover balance across our simulations from fiscal years 2022 through 2026.⁶⁸

⁶⁶For fiscal year 2026, our simulation results found that the 10th percentile across the 10,000 simulations corresponded to a balance of \$114 million and the 90th percentile, to \$656 million. See appendix V for the 10th and 90th percentiles across fiscal years 2022 through 2026 corresponding to our simulation results for the CBSP account carryover balance.

⁶⁷For fiscal year 2026, our simulation results found that the 10th percentile across the 10,000 simulations corresponded to a balance of \$443 million and the 90th percentile, to \$1,049 million. See appendix V for the 10th and 90th percentiles across fiscal years 2022 through 2026 corresponding to our simulation results for the CBSP account carryover balance.

⁶⁸The carryover balance we present includes the balance from fees that State historically used broadly (such as the MRV fee, which State used to cover the cost of providing consular services generally), as well as those fees that State used for narrower purposes (such as the PSS, which State used only to cover the cost of enhanced border security-related consular services) because of differences in their expenditure authorities. Our simulation results present the total carryover balance without consideration of the purposes for which those amounts may be used. Recent acts of Congress provided State with temporary expenditure flexibilities for some of these narrower fee authorities during the pandemic. These temporary flexibilities in State's consular fee expenditure authorities will end, however, causing these authorities to return to their prior statutory language and expenditure authority, unless additional temporary or permanent statutory changes are made.

Figure 13: Consular and Border Security Program Account (CBSP) Carryover Balance Median Values across Simulation Results, Fiscal Years 2022–2026



Source: GAO analysis of Department of State data. | GAO-22-104424

Accessible Data Table for Figure 13
Dollars in millions

| | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 |
|------------|----------|----------|----------|----------|---------|
| Scenario 1 | 625.37 | 332.11 | 267.96 | 100.53 | -180.26 |
| Scenario 2 | 626.68 | 663.54 | 599.08 | 427.11 | 151.42 |
| Scenario 3 | 971.04 | 1,008.29 | 943.40 | 774.95 | 496.44 |
| Scenario 4 | 626.19 | 898.64 | 836.66 | 664.45 | 384.28 |
| Scenario 5 | 1,214.61 | 1,252.34 | 1,185.64 | 1,016.81 | 740.49 |

Notes: We rely on historical data from CA covering the period of fiscal years 2013 through 2020. We consider 25 percent of the average historical obligations because, according to State officials, CA's official target is to maintain a minimum 25 percent carryover balance by retained fee each year. Over fiscal years 2013 through 2020, obligations against the CBSP account averaged \$3.21 billion. We used CA's target, calculating 25 percent of average historical obligations against the CBSP account as a whole. We present this as the benchmark value of \$803 million and use this calculation to determine the likelihood of State meeting the targeted threshold.

In its fiscal year 2022 Congressional Budget Justification, State estimates fiscal year 2022 fee revenue to remain depressed at \$2.8 billion, an amount that corresponds to our pessimistic revenue outlook. Across our scenarios, scenarios 1 and 2 are the most pessimistic.

The simulations include revenue from the H and L fraud prevention and detection fee and the J-waiver fee, which are used narrowly to cover only certain expenses and are deposited into accounts other than the CBSP account.

The median, or 50th percentile, refers to the middle value when the values are arranged in order of size. See GAO-22-104424, appendix V for the 10th and 90th percentiles across fiscal years 2022 through 2026 corresponding to our simulation results for the CBSP account carryover balance.

For more details on the assumptions governing our simulations, see GAO-22-104424, appendix I.

CA May Have Insufficient Revenue from the MRV Fee to Cover Projected Consular Costs, and Expedited Passport Fee Revenue May Be Insufficient to Cover Revenue Instability across CA's Other Fees

Annually, future MRV fee revenue may be insufficient to cover those costs it has covered in the past, and fees from PSS, WHTI, and all other subaccounts may also experience revenue instability. CA has historically relied on MRV fee revenues, which it has used broadly, to cover much of the costs of providing consular services. While State has recently made available expedited passport fee revenues that may be able to cover projected revenue instability in some of the subaccounts, the expedited passport fee revenue may be insufficient to cover projected revenue instability across the other fee-specific subaccounts.⁶⁹

In general, our simulations examining the annual difference between revenue and projected costs, which do not assume carryover balances, indicate that the projected revenues retained each year from the MRV fee, PSS, WHTI, and all other subaccounts have a greater likelihood of being insufficient to cover each year's projected costs, which are based on historic obligations by subaccount. While State could use the expedited passport fee revenue to cover projected revenue instability across some of the fee-specific subaccounts, depending on the revenue

⁶⁹From fiscal years 2013 through 2019, State retained collections from the expedited passport fee as revenues, but these revenues were transferred to State's Information Technology Central Fund and were not made available to cover the costs of consular operations through the CBSP account, according to State documentation and officials. Starting in fiscal year 2020, State began to transition expedited passport fee revenues from supporting the Information Technology Central Fund to supporting the CBSP account. As of fiscal year 2022, expedited passport fee revenues no longer supported the Information Technology Central Fund. CA is setting up a subaccount for the expedited passport fee, which will be deposited into the CBSP account starting in early 2022, according to State officials.

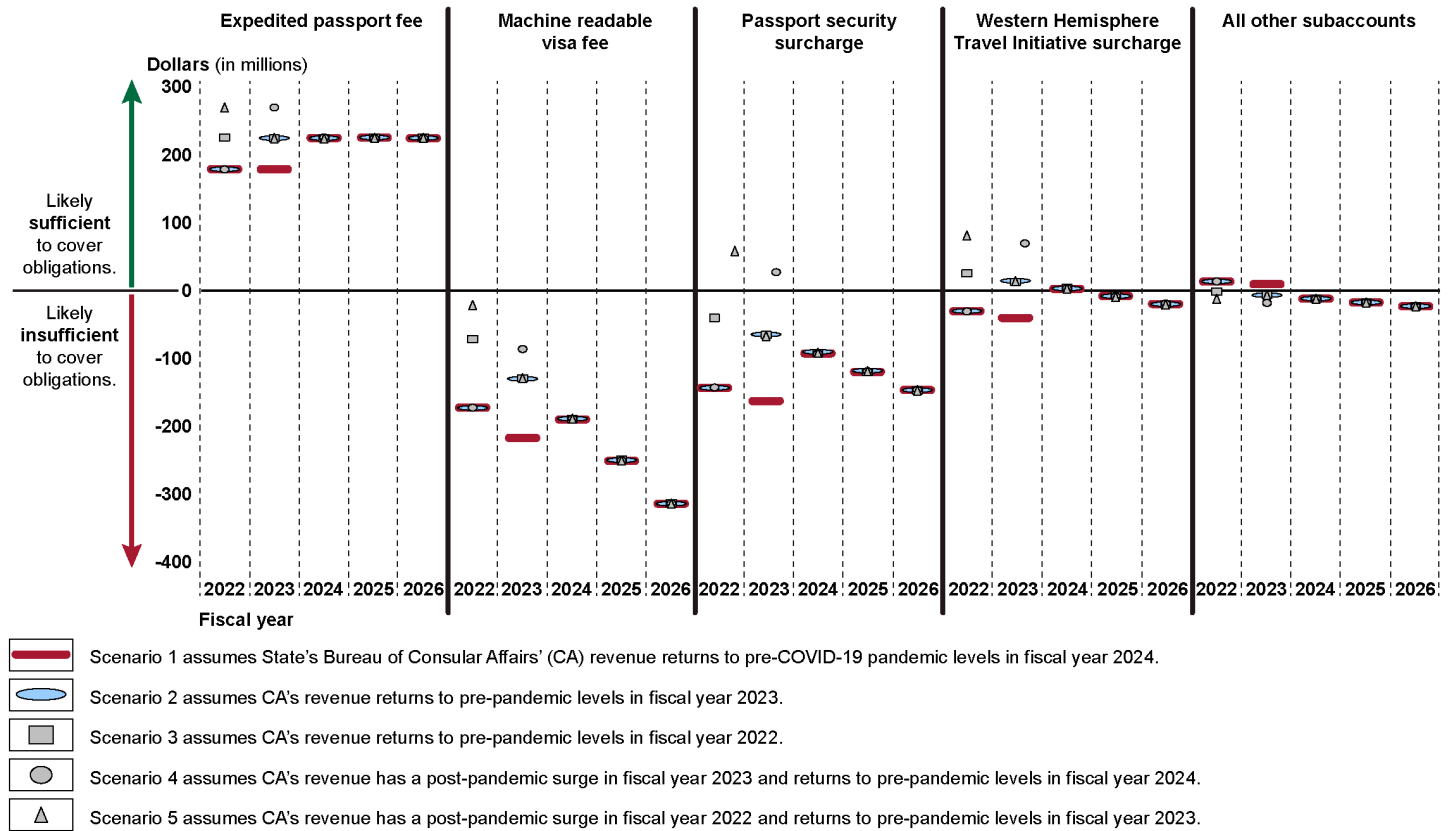
scenario, the expedited passport fee revenue may be insufficient to cover revenue instability across all of the other fee-specific subaccounts.

- For the expedited passport fee, since State has historically made no consular-related obligations against the revenues collected in this subaccount, we model only the annual projected revenues to estimate the additional potential revenue from the account across all scenarios.
- From fiscal years 2022 through 2026, CA's revenue from the MRV fee has a greater likelihood of being insufficient to cover costs that it had covered in the past across all scenarios, suggesting it may likely be insufficient to cover projected costs during this time.⁷⁰
- PSS, WHTI, and some of the fees included in the remaining subaccounts are governed by narrower expenditure authorities. In general, from fiscal years 2022 through 2026, CA's revenue from the PSS fee has a greater likelihood of being insufficient to cover projected costs that it had covered in the past. For the WHTI fee subaccount and the remaining fee-specific subaccounts other than those in the prior bullets, our simulation results for the difference between annual projected revenue and costs tend to be relatively small. This reflects the fact that WHTI and some of the fees included in the remaining subaccounts historically generate smaller revenues and have narrower expenditure authorities.

Figure 14 shows the median of estimated annual differences between projected revenue and costs, assuming no carryover balances, across our simulations for the different scenarios for each of the fee-specific subaccounts.

⁷⁰Falling MRV fee revenues during the pandemic have lessened CA's ability to sustain critical non-revenue generating services (services for which no fee is charged), according to State officials. During the pandemic, obligations against the MRV subaccount exceeded the amount of MRV revenue collected, resulting in CA having to use the MRV carryover balance to cover these obligations.

Figure 14: Difference between Projected Revenue and Obligations Median Values across Simulation Results for Consular Fee Types, Fiscal Years 2022–2026



Source: GAO analysis of Department of State data. | GAO-22-104424

Accessible Data Table for Figure 14 (part 1 of 3)

| Dollars in millions | | | | | | | | | | |
|---------------------|------------------------|--------|--------|--------|--------|---------------------------|--------|--------|--------|--------|
| Fiscal year | Expedited passport fee | | | | | Machine readable visa fee | | | | |
| | 2022 | 2023 | 2024 | 2025 | 2026 | 2022 | 2023 | 2024 | 2025 | 2026 |
| Scenario 1 | 178.95 | 178.71 | 225.03 | 225.42 | 224.53 | 172.39 | 216.69 | 189.5 | 250.76 | 313.41 |
| Scenario 2 | 178.70 | 224.96 | 224.91 | 225.59 | 225.03 | 173.14 | 129.78 | 189.08 | 250.19 | 313.73 |
| Scenario 3 | 225.34 | 225.29 | 224.96 | 225.12 | 225.60 | 71.22 | 129.49 | 188.68 | 250.01 | 313.66 |
| Scenario 4 | 178.89 | 269.81 | 225.95 | 225.37 | 224.58 | 172.24 | 85.43 | 188.9 | 250.35 | 313.66 |
| Scenario 5 | 269.83 | 225.19 | 224.24 | 225.53 | 225.31 | 20.45 | 129.09 | 189.24 | 250.35 | 313.62 |

Accessible Data Table for Figure 14 (part 2 of 3)

| Dollars in millions | | | | | | | | | | |
|---------------------|-----------------------------|--------|-------|--------|--------|--|-------|------|------|-------|
| | Passport security surcharge | | | | | Western Hemisphere Travel Initiative surcharge | | | | |
| Fiscal year | 2022 | 2023 | 2024 | 2025 | 2026 | 2022 | 2023 | 2024 | 2025 | 2026 |
| Scenario 1 | 143.03 | 162.61 | 92.53 | 119.62 | 146.29 | 30.06 | 40.12 | 2.74 | 7.8 | 19.5 |
| Scenario 2 | 143.44 | 64.67 | 90.55 | 118.08 | 146.93 | 30.13 | 14.35 | 3.3 | 8.31 | 19.8 |
| Scenario 3 | 40.76 | 65.33 | 92.11 | 119.34 | 147.15 | 25.65 | 13.63 | 4.14 | 6.8 | 19.45 |
| Scenario 4 | 143.01 | 27.09 | 92.96 | 118.42 | 146.51 | 30.25 | 70.04 | 3.72 | 8.02 | 18.96 |
| Scenario 5 | 58.26 | 66.35 | 91.52 | 118.75 | 146.65 | 81.49 | 14.27 | 3.6 | 9.36 | 20.29 |

Accessible Data Table for Figure 14 (part 3 of 3)

| Dollars in millions | | | | | |
|---------------------|-----------------------|-------|-------|-------|-------|
| | All other subaccounts | | | | |
| Fiscal year | 2022 | 2023 | 2024 | 2025 | 2026 |
| Scenario 1 | 13.49 | 9.74 | 11.83 | 17.28 | 22.98 |
| Scenario 2 | 13.62 | 6.41 | 11.82 | 17.4 | 22.93 |
| Scenario 3 | 1.26 | 6.61 | 11.8 | 17.37 | 22.99 |
| Scenario 4 | 13.59 | 18.06 | 11.9 | 17.3 | 23 |
| Scenario 5 | 11.86 | 6.56 | 11.84 | 17.37 | 23 |

Notes: According to State officials, fee revenue may not return to pre-pandemic levels for quite a while. Across our scenarios, scenarios 1 and 2 are the most pessimistic.

“All other subaccounts” includes the immigrant visa security surcharge, diversity visa lottery fee, H and L fraud prevention and detection fee, affidavit of support fee, and J-waiver fee subaccounts. While the H and L fraud prevention and detection fee and the J-waiver fee are used narrowly to cover certain consular expenses, they are deposited into accounts other than the Consular and Border Security Program account.

For the expedited passport fee, the data only show revenue estimates since historically State has made no obligations against revenues for that fee.

The median, or 50th percentile, refers to the middle value when the values are arranged in order of size. See GAO-22-104424, appendix V for the 10th and 90th percentiles across fiscal years 2022 through 2026 corresponding to our simulation results for the difference between projected revenue and costs for the Consular and Border Security Program account’s fee-specific subaccounts.

Projected revenues assume no carryover balances. Projected costs are based on historic obligations by subaccount and assume no change other than 3 percent annual growth.

For more details on the assumptions governing our simulations, see GAO-22-104424, appendix I.

State Has Requested Several Legislative Changes to Its Fee Authorities but Has Not Documented Analysis to Support Them

State has requested that Congress make changes to its fee authorities to provide CA greater flexibility in how it sets consular fees or uses consular fee revenues to cover costs in State’s Congressional Budget

Justifications for the 8 fiscal years from 2015 through 2022.⁷¹ However, CA has not documented the potential impact these requested legislative changes would have, in isolation or in combination, on consular fees collected, retained, or carried over. According to *Standards for Internal Control in the Federal Government*, management should use and externally communicate necessary quality information so that external parties can help the entity achieve its objectives and address related risks.⁷² Legislative proposals that permit fees to be credited to accounts should also be consistent with the full-cost recovery guidelines contained in OMB Circular No. A-25.⁷³ State risks its legislative proposals and resulting fees being inconsistent with the concept of full-cost recovery without documenting the potential impact of these changes.

State officials noted that CA is a service provider that (1) is required to transfer some consular fee collections to the General Fund, (2) provides some consular services at no cost (“no fee” items for which State cannot or has elected not to charge a fee), and (3) is more limited by certain fee authorities than others in terms of how it can use some fee revenues. These conditions create a structural imbalance in the CBSP account, according to State officials, which presents a challenge in continuing to fund consular services with fee revenues from a dwindling carryover balance. According to State officials, fee revenues with narrow expenditure authorities make it difficult for CA to align its obligations fully with fee revenues. For example, State retains fees for some visa and passport services but does not retain any fees from overseas citizen services, which requires it to cover the costs of overseas citizen services with fee revenues from visa services, according to State officials.⁷⁴

⁷¹State first formally requested statutory changes and flexibilities for consular fees in its fiscal year 2011 Congressional Budget Justification, according to State officials. For more information on State’s requests to Congress for greater flexibility in setting consular fees and using consular fee revenues in Congressional Budget Justifications for fiscal years 2015 through 2022, see appendix VI.

⁷²[GAO-14-704G](#), Principles 13.01, 15.01, 15.03.

⁷³OMB, *User Charges*, Circular No. A-25 Revised.

⁷⁴Increased reliance on fees as a source of funding may lead to a misalignment between the beneficiaries of a program and the sources of funding for the program and can have significant implications for agencies. See [GAO-08-386SP](#).

In its fiscal year 2022 Congressional Budget Justification, State asked Congress for the following legislative changes to its fee authorities, among others:

- permanent expansion of State’s authority to set the MRV fee to cover the costs of broader consular services, including those for which State does not retain consular fee revenues or charge any fee;⁷⁵
- permanent expansion of State’s authority to set fee amounts for the PSS and IVSS to also include the costs of “the consular protection of U.S. citizens and their interests overseas”; and
- temporary extension of State’s expanded authority to use fee revenues from the PSS, IVSS, WHTI surcharge, and H and L fraud prevention and detection fee to cover costs of providing consular services through fiscal year 2022.

State based its requests in the fiscal year 2022 Congressional Budget Justification on requests in prior Congressional Budget Justifications and the temporary expanded expenditure authorities provided in the Consolidated Appropriations Act, 2021, among others, according to State officials. For more information on these and other flexibilities State requested in its fiscal year 2022 Congressional Budget Justification, see appendix VI.

According to State officials, CA has conducted analysis and modeling of legislative proposals to identify the ones most likely to support the CBSP. State officials noted that this analysis includes a review of carryover balances and a calculation of unrecovered costs and the impacts on fee setting. CA also considered what MRV, PSS, or IVSS fee levels would be needed to cover the costs of consular services for no-fee services or those for which no fee is retained, but State officials noted that total unrecovered costs and associated fee estimates would be calculated after any legislation was enacted. State officials said they also qualitatively described the impact that they expect certain legislative changes would have, if enacted. For example, according to State officials, broadening the expenditure authority of the H and L fraud prevention and detection fee to allow the fee revenues to be used to cover the costs of combatting fraud in all visa categories and passport applications would

⁷⁵Historically, under its statutory authority, State has been permitted to set the MRV fee to cover only the cost of providing machine readable visa services. This request would allow the MRV fee to take into account the cost of consular services for which no consular fee revenues are retained (certain fee collections are transferred in full to the General Fund) or no fee is charged, according to State officials.

thereby reduce CA's reliance on MRV, PSS, and IVSS fee revenues. Separately, according to State officials, expanding PSS and IVSS expenditure authority would reduce CA's reliance on MRV fee revenues for overhead costs, allowing for greater overall spending on cross-cutting activities.

However, CA was not able to provide documentation of any analysis performed to demonstrate that these requested legislative changes, if enacted, would address anticipated revenue instability.⁷⁶ CA was also unable to provide documentation of any analysis performed to demonstrate that these requested legislative changes, if enacted, would address the structural imbalance in the CBSP account.⁷⁷ Without such documentation, the extent to which the proposed legislative changes will address the described imbalances and allow State to cover future costs is unclear. According to State officials, such analysis has not been documented in one place because multiple offices conducted this analysis from their unique perspectives.

State experienced fluctuating demand for consular services for which fees are charged and retained in fiscal years 2017 through 2019, which led to fluctuations in consular fee revenue during the same period. State experienced a large decrease in demand for these services and an associated decline in consular fee revenue in fiscal years 2020 and 2021 with the onset of the pandemic. However, State has changed one

⁷⁶State officials did not provide documentation of any recorded analysis comparing the effects of requested legislative changes. State officials noted that they provide analysis and financial estimates to Congress for some of State's proposals, but were unable to produce this documentation.

⁷⁷In lieu of documentation, State officials noted that its proposals are designed to ensure that State can align its spending to its costs and mission, and that broader expenditure authority would enable fee collections and costs to be more closely aligned, allowing for more equitable carryover balances in all fees.

retained consular fee amount since 2015.⁷⁸ Proposing changes to consular fee amounts for which State has the authority to set the amounts is one way CA could address a decline in consular fee revenue. For example, we estimate that the \$20 increase to the PSS that took effect in late 2021 could generate up to an additional \$316 million in annual fee revenue per fiscal year based on historical passport applications.⁷⁹ State officials did not provide documentation of any analysis of how this potential increase in PSS revenue relates to or was factored into decision-making about which legislative changes to its fee authorities to request from Congress.

State officials view enactment of legislative changes as the first step in a longer process, in which State uses the standard rulemaking process to determine the appropriate fee levels in light of which legislative changes were made. State would then consider the impact of changes in fee amounts on the CBSP account as part of proposing and setting fees, according to State officials.

However, without prior analysis and a documented cohesive plan of what fee amounts are required to achieve full cost recovery, State may be recommending statutory changes—for example, authority to set fees or use fee revenues more broadly—that do not align with actual CA needs. Additionally, without a plan for assessing the potential impact of the

⁷⁸The PSS fee amount increased from \$60 to \$80 on December 27, 2021. The amounts of some consular fees are set by statute. Other authorities allow State to set some fee amounts consistent with certain criteria. State proposed changes to retained consular fee amounts twice between 2015 and 2020, according to State documentation. In September 2018, State briefed OMB Office of Information and Regulatory Affairs officials on a proposal to update some fee amounts based on results from the CoSM. State's proposal relied on actual cost and demand data from fiscal year 2016 and estimated cost and demand data from fiscal years 2017 and 2018. Delays both within State and in engaging with the Office of Information and Regulatory Affairs, according to State officials, affected the timeline for updating the Schedule of Fees. By 2020, the rule to change the Schedule of Fees was not yet ready for publication, and State decided to withdraw the proposed rule from review and update the fee change recommendations with more current information, according to State officials. In November 2020, State briefed Office of Information and Regulatory Affairs officials on a proposed \$20 increase to the PSS fee amount on all passport book and passport book and card combinations, based on CoSM results calculated using actual data for fiscal years 2018 and 2019 and estimated data for fiscal years 2020 through 2022.

⁷⁹For more information about estimated additional PSS fee revenue and its potential effect on CBSP account carryover balances in fiscal years 2022 through 2026, see appendix V.

requested changes, State risks over-collecting consular fees beyond full cost recovery, double-charging, or cross-subsidization.⁸⁰

Cost Estimates for Supporting Consular Fees Meet Some Key Elements of Economic Analysis, but Lack Documentation of Several Processes

CA's process for estimating unit costs fully meets two of the five key elements of economic analysis and partly meets the remaining three.⁸¹ Because CA does not document its processes for estimating demand and revenue, we determined that neither process meets the documentation element, and we could not evaluate the remaining elements.

We Assessed CA's Estimation Processes Using Five Key Elements of Economic Analysis

According to CA, it uses estimates of unit costs, demand and revenue to achieve full cost recovery and to project the sufficiency of consular fee revenue. We assessed the extent to which these processes meet the five key elements of economic analyses⁸² identified in GAO's *Assessment*

⁸⁰State could double-charge for consular fees if, for example, it is permitted to set the MRV fee to cover the costs of overseas citizen services for which it already charges a fee, but for which it does not retain any fee revenues. Cross-subsidization could occur where State charges users for one type of consular services to cover the costs of services provided to others. For example, if State is permitted to set the MRV fee (paid as part of visa applications by foreign nationals) to cover the costs of overseas citizen services (generally provided to U.S. citizens abroad), this could result in cross-subsidization.

⁸¹"Fully meets" means that the economic analysis has considered and properly dealt with the element. "Partly meets" means that the economic analysis has only partly considered and properly dealt with the element. "Does not meet" means that the economic analysis has not considered or not properly dealt with the element.

⁸²An economic analysis is intended to inform decision makers and stakeholders about the economic effects of an action. The analysis may be prospective, examining an action that could be taken; or retrospective, examining the outcome of an action that has already been taken.

Methodology for Economic Analysis: objective and scope, methodology, analysis of effects, transparency, and documentation.⁸³

Five Key Elements of Economic Analysis

1. Documentation: the documentation included in the analysis
2. Objective & Scope: the objective and scope of the analysis
3. Analysis of Effects: the analysis of economic effects
4. Methodology: the methodology used to examine the economic effects
5. Transparency: the transparency of the analysis of economic effects

Source: GAO-18-151SP. | GAO-22-104424

CA Lacks Documentation for Its Analysis of Costs, Demand, and Revenue

CA's process for estimating cost partly meets the documentation element and its processes for estimating demand and revenue do not meet the documentation element. According to GAO's *Assessment Methodology*, the economic analysis should be clearly written with a plain language summary. The analysis cites all sources used and documents that it is based on the best available economic information. The analysis should also document that it complies with a robust quality assurance process and, where applicable, the Information Quality Act.⁸⁴ The analysis discloses the use and contributions of contractors and outside consultants.⁸⁵

Process for estimating cost partly meets element. CA's process for estimating costs partly meets the documentation element since it is clearly documented, including the method for generating estimates, the sources of data, and the use of contractors. CA also documents a robust quality assurance process that validates the data prior to their use and by

⁸³GAO, *Assessment Methodology for Economic Analysis*, [GAO-18-151SP](#) (Washington, D.C.: Apr. 10, 2018).

⁸⁴Pub. L. No. 106-554, § 515, 114 Stat. 2763A-153-4 (Dec. 21, 2000).

⁸⁵Not all parts of the criteria for the documentation element apply to the process of estimating unit costs; our discussion focuses on the relevant aspects of the criteria. The full criteria for the element are available in GAO's *Assessment Methodology for Economic Analysis*.

comparing results from the current model against prior results.⁸⁶ However, CA does not fully meet the element since it does not document sensitivity analyses.⁸⁷ In addition, CA has not documented its processes for ensuring the representativeness⁸⁸ of the CODaC data.

Process for estimating demand does not meet element. According to CA officials, the current process for estimating demand is not documented because it is evolving to accurately model the impact and recovery from the pandemic.⁸⁹ CA also does not document key analytical decisions such as the rationale for not incorporating the potential effects of the elasticities of demand.⁹⁰ Because CA does not document its process for estimating demand, we determined that the process does not meet the documentation element and we could not evaluate the remaining elements.

Process for estimating revenue does not meet element. According to CA, the current process for estimating revenue is not documented because it will require adjustments as the demand estimation process evolves. We maintain that the current process can be documented because changes in the process for estimating demand do not affect the

⁸⁶During the pre-model phase, the CoSM team reviews and discusses all data inputs annually with each reporting Office/Directorate, and each Office/Directorate completes a data quality assessment worksheet to validate the data. The worksheet examines the reliability, validity, and precision of the data, among other factors. The post-model validation compares the results from the current model against prior results. In particular, the CoSM team reviews the year-over-year numbers to discover and resolve any data upload errors and attain a reasonable assurance that no data upload errors remain.

⁸⁷Sensitivity analyses are part of the criteria for the transparency element in GAO's *Assessment Methodology for Economic Analysis*. Sensitivity analyses assess how plausible adjustments to important analytical choices and assumptions affect the estimates of the economic effects.

⁸⁸A representative sample is a sample of a whole that can be expected to exhibit the average properties of the whole.

⁸⁹According to CA officials, CA plans to develop updated documentation for estimating demand as the methodology shifted from prior January 2021 documentation. The prior documentation did not contain sufficient information to evaluate the process. For instance, it does not describe the methodology used or any of the analytical choices and assumptions.

⁹⁰The price elasticity of demand refers to changes in demand resulting from variation in prices.

revenue estimation process as described in CA's written responses.⁹¹ CA was unable to provide sufficient documentation for any of its prior processes for estimating revenue but stated that the information on demand comes from subject matter experts who have a process. However, CA was also unable to provide any documentation regarding this process. Because CA does not document its process for estimating revenue, we determined that the process does not meet the documentation element and we could not evaluate the remaining elements.

Standards for Internal Control in the Federal Government calls for agencies to document their processes and analytical decisions.⁹² Additionally, OMB Circular No. A-25⁹³ directs agencies to maintain readily accessible records of the information used to establish user charges and the specific method(s) used to determine them.⁹⁴ By fully documenting its processes for estimating costs, revenue, and demand, CA would enhance the transparency of its estimates and be better able to retain and share its internal organizational knowledge on fee setting. CA would also be able to communicate that knowledge and its compliance with best practices more effectively to external parties.

CA's Process for Estimating Consular Costs Partly Addresses Additional Elements of Economic Analysis

In addition to partly meeting the documentation element, CA's process for estimating unit costs fully meets two of the remaining four key elements and partly meets the last two, as shown in table 2.

⁹¹The demand and revenue estimation process are distinct. Consequently, changes in one process do not affect the other process. The method for estimating revenue described in the written responses from CA uses estimated levels. Changes in the demand process would change the level of demand in the revenue estimation process, but not the overall process.

⁹²[GAO-14-704G](#), Principles 3.09, 3.10.

⁹³OMB, *User Charges*, Circular No. A-25 Revised.

⁹⁴In the context of consular services, the charge is the price paid for the particular service.

Table 2: Extent to Which the Bureau of Consular Affairs' Process for Estimating Unit Costs of Consular Services Meets GAO's Key Elements for Economic Analysis

| Key elements of economic models | Unit cost estimates |
|---|---------------------|
| Documentation: the documentation included in the analysis | Partly meets |
| Objective & Scope: the objective and scope of the analysis | Fully meets |
| Analysis of Effects: the analysis of economic effects | Fully meets |
| Methodology: the methodology used to examine the economic effects | Partly meets |
| Transparency: the transparency of the analysis of economic effects | Partly meets |

Source: GAO analysis of Department of State data using GAO-18-151SP. | GAO-22-104424.

Notes: "Fully meets" means that the economic analysis has considered and properly dealt with the element. "Partly meets" means that the economic analysis has only partly considered and properly dealt with the element. "Does not meet" means that the economic analysis has either not considered or not properly dealt with the element.

Fully meets objective and scope element. We found that CA's process for estimating unit costs fully meets the objective and scope element of economic analysis. According to GAO's *Assessment Methodology*, an economic analysis should explain the action examined and include a rationale and justification for the action. The analysis should state its objective. The scope of the analysis should be designed to address this objective.⁹⁵ This process fully meets the objective and scope element since CA's estimates of unit cost aim to measure the average global cost of providing each consular service, according to CA's documentation and officials. The scope of these estimates is global consular operations. The model used in the process, the CoSM, estimates 3 years of costs and the estimate of the unit cost is a weighted average of these three estimates, therefore taking into account the possibility of future variation in costs.

Fully meets analysis of effects element. We found that CA's process for estimating unit costs fully meets the analysis of effects element of economic analysis. According to GAO's *Assessment Methodology*, the economic analysis should quantify the important economic effects and control for inflation.⁹⁶ This process fully meets the analysis of effects element since it uses data on all direct and indirect costs associated with

⁹⁵Not all parts of the criteria for the objective and scope element apply to the process of estimating unit costs; our discussion focuses on the relevant aspects of the criteria. The full criteria for the element are available in GAO's *Assessment Methodology for Economic Analysis*.

⁹⁶Not all parts of the criteria for the analysis of effects element apply to the process of estimating unit costs; our discussion focuses on the relevant aspects of the criteria. The full criteria for the element are available in GAO's *Assessment Methodology for Economic Analysis*.

providing consular services and products. CA reported that the CoSM uses all applicable inflation adjustments as directed by OMB.

Partly meets methodology element. We found that CA's process for estimating unit costs partly meets the methodology element of economic analysis. According to GAO's *Assessment Methodology*, the economic analysis should consider alternatives that represent all relevant alternatives. The analysis should define an appropriate baseline, and identify the important economic effects for each alternative considered.⁹⁷ CA's process partly meets the element since it considered an alternative estimation approach, according to CA officials. In particular, according to CA, it compared the CoSM, which uses expenditures, obligations, and allotments, to a model that only considers expenditures and found that the alternative model was less accurate.⁹⁸

However, CA does not fully meet the element since we cannot assess whether the estimates of unit cost achieve CA's objective of measuring the average global costs of providing consular services because of a lack of documentation. According to CA officials, the sample of consular posts in the CODaC survey used to generate the level of effort data in the CoSM are representative of global consular operations. However, CA did not provide sufficient documentation to support this assessment. CA noted that it will document the process for ensuring that the CODaC sample is representative as it further develops its analysis. If the CoSM uses data that are not representative of such operations, the resultant unit costs may similarly not be representative. More broadly, the use of non-representative unit costs would limit CA's ability to accurately set prices that achieve full cost recovery.

Partly meets transparency element. We found that CA's process for estimating unit costs partly meets the transparency element of economic analysis. According to GAO's *Assessment Methodology*, the analysis should describe and justify the analytical choices, assumptions, and data used. The analysis should assess how plausible adjustments to each important analytical choice and assumption affect the estimates of the economic effects and the results of the comparison of alternatives. The

⁹⁷Not all parts of the criteria for the methodology element apply to the process of estimating unit costs; our discussion focuses on the relevant aspects of the criteria. The full criteria for the element are available in GAO's *Assessment Methodology for Economic Analysis*.

⁹⁸CA's analysis examined the unit cost for non-petition nonimmigrant visas, which generate the largest share of revenue for the CBSP, according to CA.

analysis should explain the implications of the key limitations in the data used. Where feasible, the analysis should adequately quantify how the statistical variability of the key data elements underlying the estimates of the economic analysis impacts these estimates, and the results of the comparison of alternatives.

CA's process partly meets the element since it documents its use of knowledgeable stakeholders and relevant databases to inform its choice of data.⁹⁹ However, CA does not fully meet the element because it (1) does not document its sensitivity tests and (2) does not calculate the statistical variability of the level of effort data or the unit costs, which are key data elements. CA officials described the sensitivity tests but could not provide additional documentation. According to CA, these sensitivity tests consider the effect of possible ranges in the estimate for demand estimates on cost (and obligations and revenue). CA does not document the process for identifying the possible ranges or the process for the sensitivity tests. The sensitivity tests do not consider the effect of alternate levels of effort. CA explained the choice of sensitivity tests as guided by the fact that demand has a greater impact on unit costs than level of effort.

CA's cost estimates lack transparency because CA does not calculate the statistical variability for the level of effort data used in the CoSM or for the resultant unit cost estimates.¹⁰⁰ CA explained it does not measure the statistical variability because it lacks the required software. Consequently, CA cannot currently quantify how the variability of the level of effort data affects the unit cost estimates.¹⁰¹ However, CA officials stated that they are transitioning to modeling software that would allow them to do so. *Standards for Internal Control in the Federal Government* calls for

⁹⁹The actual cost data come from the Comptroller and Global Financial Services and the databases that track cost, including GFMS. Prior to the pandemic, the data on estimated demand came from the Office of Visa Services, Passport Services, CA, CA Office of the Comptroller, and CA Office of the Executive Director, according to CA documentation. According to CA officials, workload data come from State databases that track workload. Finally, the level of effort data comes from the Passport Agency Task Report, stakeholder input, and the CODaC survey.

¹⁰⁰The level of effort data for international consular affairs come from the CODaC survey, which measures a sample of consular posts. Estimates from sample data inherently contain statistical variability. Therefore, the resultant cost estimates would also contain statistical variability.

¹⁰¹CA noted that the statistical uncertainty of other factors, such as demand, might have a greater impact on unit cost than the statistical uncertainty of level of effort data.

management to use quality information to achieve an entity's objectives, such as CA's objective to achieve full cost recovery.¹⁰² Federal internal control standards also call for management to analyze and respond to risks related to achieving defined objectives. The lack of transparency regarding the plausible range of unit costs may limit management's ability to identify, analyze, and respond to risks to full cost recovery arising from fluctuations in obligations.

Conclusions

Consular fee revenues fully covered the costs of State's consular operations for 7 fiscal years prior to the COVID-19 pandemic, and the use of supplemental and annual appropriations and temporary flexibilities in fee expenditure authorities helped State address the decline in consular fee revenue during the pandemic. However, State continues to face a structural imbalance, according to State officials. Specifically, under current law, CA is required to transfer some consular fee collections to the General Fund while also covering the costs of some services (such as overseas citizen services) for which it cannot or does not charge or retain consular fee revenue. While the pandemic accelerated and exacerbated this imbalance, according to State officials, the imbalance also predated the pandemic.

Additionally, our analysis projects that CBSP account carryover balances will decline and are unlikely to meet the targeted threshold if revenues do not return to pre-pandemic levels in fiscal year 2022. While it is not known when or how quickly demand for consular services will return, State officials have indicated that fee revenue may not return to pre-pandemic levels for several fiscal years. Even in the event of the most optimistic revenue scenario, our analysis shows that the CBSP account carryover balance may fall below the targeted threshold by fiscal year 2026.

A variety of options exist to address projected revenue instability, some of which include amending State's fee authorities, increasing fee amounts, appropriating supplemental or annual funding (as has been done during the pandemic) and reducing expenditures. State has proposed statutory changes each year since 2015 to adjust fee amounts and expand its authority to use fee revenues more broadly. However, CA was unable to produce any documented analysis or studies of what statutory changes or

¹⁰²[GAO-14-704G](#), Principle 13.01.

fee adjustments would enable it to reach full cost recovery without overcharging, double-charging, or creating a cross-subsidization. State was also not able to provide any documented analysis detailing how proposed changes to fees it has the authority to set, including the PSS fee (which it recently increased by \$20) could potentially address the decline in fee revenue. As a result, State lacks a comprehensive analysis of the various options available to help ensure that revenue and expenditures align in the future. Developing a plan for such an analysis could help policymakers understand the relative advantages and drawbacks of the various options and could inform legislative and policy decisions.

Additionally, CA's existing processes to estimate costs, revenue, and demand do not consider the effect of statistical variability on estimated unit costs, and CA does not fully document these processes. This lack of documentation prevented us from assessing its demand and revenue estimates. Without documentation, management's ability to identify and respond to risks to full cost recovery and its ability to communicate organizational information about consular fees to external parties is limited.

Recommendations for Executive Action

We are making the following three recommendations:

The Secretary of State should ensure the Bureau of Consular Affairs develops a plan to assess and document what fee amounts, statutory changes, supplemental and annual funding, or other actions would allow State to cover future consular costs. (Recommendation 1)

The Secretary of State should ensure the Bureau of Consular Affairs measures the statistical variability of unit costs to improve the transparency of the cost estimates used in the fee-setting process. (Recommendation 2)

The Secretary of State should ensure the Bureau of Consular Affairs fully documents its process for generating cost, demand, and revenue estimates for consular services. (Recommendation 3)

Agency Comments and Our Evaluation

We provided a draft of this report to State for review and comment. State's comments are reprinted in appendix VII. State also provided technical comments, which we incorporated as appropriate. State did not concur with one of the recommendations, and partially concurred with the remaining two recommendations. A summary of agency comments and our evaluation follows, and we provide additional specific comments in appendix VII.

State did not concur with our recommendation to develop a plan to assess and document what measures would allow State to cover future consular costs. According to State's written comment, State has assessed and documented the fee amounts, statutory changes, and annual funding necessary to achieve full cost recovery, indicating that its cost model presents unrecovered costs by service. We requested documentation of such analysis, but State was not able to provide any documentation to support that such an analysis had occurred. Additionally, State officials have noted that they would calculate the effects of changes, including estimates used to set fee amounts, after Congress enacts legislation. While performing such analysis can inform future State decisions, it still leaves Congress without information that would be helpful as it considers State's requests for legislative changes. We maintain that a plan to assess and document which measures would be sufficient to cover costs is important because State may be requesting statutory changes—for example, authority to set fees or use fee revenues more broadly—that do not align with State's actual needs.

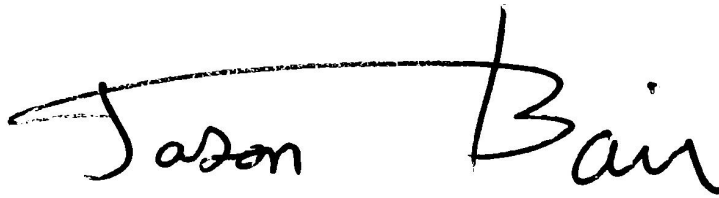
State partially concurred with our recommendation to measure statistical variability of unit costs to improve the transparency of the cost estimates used in the fee-setting process. In response, State notes that it calculates unit costs based on a deterministic mathematical model. However, State's data on unit cost used in this model still inherently have statistical variability (e.g. associated uncertainty) because they come from a survey, which introduces statistical variability. We still believe that not considering the statistical variability of unit costs may limit management's ability to identify, analyze, and respond to risks to full cost recovery arising from fluctuations in costs.

State partially concurred with our recommendation to fully document its process for generating cost, demand, and revenue estimates for consular services, indicating that they believe they have largely documented their

process for estimating costs. As was already included in our draft report, State has partially documented its process for generating cost estimates. Additionally, as noted in the report, State has not documented its processes for demand and revenue estimates. We still believe that without fully documenting its processes for cost, demand, and revenue estimates, State's ability to identify and respond to risks to full cost recovery is limited.

We are sending copies of this report to the appropriate congressional committees and to the Department of State. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-6881 or bairj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix VIII.

A handwritten signature in black ink that reads "Jason Bair". The signature is written in a cursive style with a long horizontal stroke over the first part of the name.

Jason Bair
Director, International Affairs and Trade

Appendix I: Objectives, Scope, and Methodology

This report examines how State manages its consular fee revenue and its ability to adapt to the economic challenges of the pandemic, including (1) how consular fee revenues compared to obligations prior to the pandemic, (2) how State managed the decline in consular fee revenues as a result of decreased demand for consular services caused by the pandemic, (3) projections regarding State's Bureau of Consular Affairs' (CA) ability to meet the targeted thresholds for the Consular and Border Security Programs (CBSP) account in the future, and (4) the extent to which State's processes for estimating key data for evaluating the adequacy of its revenue meet the key elements of economic analysis.

To determine how consular fee revenues and obligations compared prior to the pandemic, we analyzed aggregated fee revenue, obligations, and carryover balance data provided to us by CA. We obtained this information in the form of multiple summary data tables compiled from several internal agency databases, including the Global Financial Management System (GFMS), State's official financial system of record. We analyzed data from fiscal years 2013 through 2019 to characterize CA's ability to cover the costs of consular services using fee revenue during the 7 fiscal years in which consular operations were fully fee-funded. We also analyzed relevant State documentation to determine which accounts to include in our scope of consular fees. We limited our analysis to the CBSP account and the Diplomatic and Consular Programs account, which served as the predecessor to the CBSP account, and into which most fee revenues were deposited pre-fiscal year 2019.¹

¹According to the President's Budget for Fiscal Year 2017, in fiscal year 2016 and prior years, consular fees were credited in the Diplomatic and Consular Programs account as spending authority from offsetting collection. The fiscal year 2017 President's Budget proposed a new stand-alone account, the CBSP account, for State to display fee-funded consular programs independent of the larger Diplomatic and Consular Programs account. According to the President's Budget, the change would enable State to make financial reporting and budget estimates for these fees and surcharges more easily available to users of budget information and other stakeholders. Three of the consular fees for which CA retains revenue (the expedited passport fee, the H and L fraud prevention and detection fee, and the J-waiver fee) were deposited in accounts other than the CBSP account as of December 2021, but we included them in our analysis because they contain consular fee revenues that are retained by State and used to provide consular services.

To determine how State managed the decline in consular fee revenue as a result of decreased demand for consular services caused by the pandemic, we analyzed aggregate consular fee revenue, obligations, and carryover balance data for fiscal years 2020 through 2021, a period that included the onset of the pandemic and the months that followed. We analyzed data, primarily from budget documents, such as Congressional Budget Justifications, related to supplemental and annual appropriations that were provided to State to maintain consular operations impacted by coronavirus and offset losses resulting from the coronavirus pandemic, among other things. We also reviewed other budget, policy, and planning documents related to these annual appropriations. Finally, we interviewed knowledgeable State officials to determine how consular fee revenues changed during the pandemic and how CA adapted to the challenges presented by the pandemic and managed its consular fee revenue accordingly.

To assess the reliability of the supplemental and annual appropriations data, we reviewed the data for accuracy and compared the values to amounts in official State documents and budget justification documents. We determined that these data were sufficiently reliable to document State's receipt and management of these appropriations provided to State following the onset of the pandemic.

To examine projections regarding CA's ability to meet the targeted thresholds for the CBSP account in the future, we developed a Monte Carlo simulation model where we performed 10,000 trial runs of simulated revenues, using random values of CA's future revenues.² This technique approximates the likelihood of certain outcomes by performing multiple trial runs, called simulations, using random variables within a specified range. The simulations capture the volatility of revenues in the projection of the future balances of the CBSP account and subaccounts. These simulations enabled us to assess, across five different revenue outlook scenarios through fiscal year 2026,³ CA's ability to meet the targeted

²We used CA's 25 percent carryover target by retained fee each year in our model, by calculating 25 percent of average historical obligations against the CBSP account as a whole. We present this as the benchmark value and use this calculation to determine the likelihood of State meeting the targeted threshold.

³We decided to report projections through fiscal year 2026 for two main reasons. First, longer-term projections inherently contain greater uncertainty. Second, State has requested legislative changes regarding its use of CBSP account fees that may affect future funding prior to fiscal year 2026.

threshold for the CBSP account carryover balance of 25 percent of obligations and the likelihood of projected revenue being sufficient to cover projected costs that were historically covered by obligations against the CBSP account fee-specific subaccounts.⁴ We based the five revenue scenarios on three possible future revenue outlooks, defined as follows:

- Optimistic, which projects future revenue ranging between an absolute deviation above the average of historical revenues and the highest revenue in the historical data (fiscal years 2013 through 2020). For the CBSP account overall carryover balance, the optimistic revenue outlook corresponds to a range of \$4.0 billion to \$4.1 billion.
- Neutral, which projects future revenue ranging within one absolute deviation below and above the average of historical revenues. For the CBSP account overall carryover balance, the neutral revenue outlook corresponds to a range of \$2.9 billion to \$4.0 billion.
- Pessimistic, which projects future revenue ranging between the lowest revenue in the historical data and an absolute deviation below the average of historical revenues. For the CBSP account overall carryover balance, the pessimistic revenue outlook corresponds to a range of \$2.3 billion to \$2.9 billion.⁵

Table 3 summarizes the five scenarios that combine the three possible future revenue outlooks.

⁴According to State officials, CA's official target is to maintain a minimum 25 percent carryover by retained fee each year. State officials explained that CA considers 25 percent of obligations to be a healthy carryover balance threshold that would ensure CA's ability to make obligations at the beginning of the year. Specifically, State officials mentioned that maintaining a healthy carryover balance amount is essential to ensuring CA's ability to make necessary obligations at the beginning of the year, noting that consular fee revenue is not received evenly over the course of a year, but instead peaks in spring and summer. We have previously found that, for programs where fees are expected to cover all or most program costs, and especially when program costs do not necessarily decline with a drop in fee collections, a carryover reserve is important.

⁵The optimistic, pessimistic, and neutral ranges associated with the revenue outlooks for the CBSP account and the fee-specific subaccounts vary; see appendix V for more details.

Table 3: Five Scenarios Modeled for the Consular and Border Security Programs Account and Its Fee-Specific Subaccounts

| | |
|------------|--|
| Scenario 1 | Assumes pessimistic revenue in fiscal years 2022 and 2023, then neutral in fiscal year 2024 and thereafter. |
| Scenario 2 | Assumes pessimistic revenue in fiscal year 2022, then neutral in fiscal year 2023 and thereafter. |
| Scenario 3 | Assumes neutral revenue in fiscal year 2022 and thereafter. |
| Scenario 4 | Assumes pessimistic revenue in fiscal year 2022, optimistic in fiscal year 2023, and neutral in fiscal year 2024 and thereafter. |
| Scenario 5 | Assumes optimistic revenue in fiscal year 2022 and neutral thereafter. |

Source: GAO. | GAO-22-104424

Within the model, we also made several assumptions to control for other future uncertainties.⁶

- **Initial carryover balance.** We use CA’s fiscal year 2021 carryover balance as provided by State officials.⁷ According to State officials, these were preliminary figures as of November 2021 and final data will be published as part of the fiscal year 2022 Operating Plan and the fiscal year 2023 President’s Budget.
- **Expedited passport fee.** Starting in fiscal year 2022, CA will use all expedited passport fee revenues for any consular service provided through the CBSP account, according to State officials. Although the historical data did not include the expedited passport fee, our modeling assumes full access to these revenues (100 percent utilization), given State’s plans to deposit all expedited passport fee revenues in the CBSP account in fiscal year 2022.
- **Appropriations and special funding.** Our model does not reflect additional appropriations to support consular services, starting in fiscal year 2022, or the supplemental or annual funding Congress provided State in fiscal years 2020 and 2021.
- **Individual fees for consular services.** Our main model reflects retained fee amounts as of November 2021. We assume that the fees that CA charges for consular services, such as passports and visas, will not change through fiscal year 2026. As such, the PSS increase effective December 27, 2021 is not reflected in our modeling. Assuming the quantity of passport applications demanded remains

⁶The model approximates a simulation based on our set of assumptions and may differ with varying conditions.

⁷In this report, we refer to unobligated funding from State’s retained fees in the CBSP account and other accounts remaining across fiscal years as “carryover balances.” State refers to these carryover balances as “carryforward balances.”

similar to historical levels (averaged across fiscal years 2013 through 2020), the \$20 increase in the PSS fee amount could result in up to \$316 million in additional annual revenue.⁸

- **Transfers to the General Fund.** We assume the authorities under which CA transfers certain fee collections to the General Fund of the U.S. Government remain consistent. In addition, we examined how the results of our simulations changed if CA's transfer level differed from historical averages. These results are presented in appendix V. Our model does not reflect the new authority in the Consolidated Appropriations Act, 2022, which requires that passport application and execution fees be deposited in the CBSP account.⁹ According to the act's joint explanatory statement, this shifts passport application and execution fees currently deposited in the General Fund to State to support consular operations.¹⁰ For more information, see results presented for varying transfer rates in appendix V.
- **Projected costs.** We assume projected cost levels reflect both fluctuations in revenues and annual growth by 3 percent based on the Congressional Budget Office's prediction in the Employment Cost Index. Our model does not account for the possibility that CA could make additional future adjustments in spending levels. Instead, we tested selected alternative cost predictions. We identified an error in State's historical obligations data for fiscal year 2019. According to State, the total CBSP obligations for fiscal year 2019 was \$3,641,307,000, \$228,000 less than was reported in the fiscal year 2021 Congressional Budget Justification, and a decrease of 0.006 percent. Our model is based on the total fiscal year 2019 obligations published in the Congressional Budget Justification and does not account for the revised obligations amount.

⁸We estimated this additional potential revenue by averaging the number of passport applications over fiscal years 2013 through 2020 and multiplying that average by the \$20 increase in the PSS fee amount. This calculation assumes that the quantity of passport applications demanded will not decrease in response to the fee amount increase and thus represents an upper bound of the additional potential revenue.

⁹Pub. L. No. 117-103, § 7069(e) (Mar. 15, 2022).

¹⁰168 Cong. Rec. H3010 (Mar. 9, 2022).

- **Carryover balance.** In practice, CA's carryover balance cannot be lower than zero.¹¹ To assess CA's ability to meet the targeted CBSP account carryover balance of 25 percent of obligations, we assume the carryover balance can be lower than zero.

On the basis of these assumptions, we calculated the CBSP account carryover balance as the sum of the prior year's carryover balance and the current year's retained collections (i.e., revenue), minus the current year's CA predicted cost, as reflected in the following equation for a particular fiscal year t.¹²

$$\begin{aligned} \text{CBSP account carryover balance (FY t)} &= \text{CBSP account carryover balance (FY t-1)} \\ &+ \text{Revenue (FY t)} \\ &- \text{Cost (FY t)} \end{aligned}$$

All of our estimated simulations are in nominal dollars. We present the median value of the overall CBSP account carryover balance and the median value of the difference between projected revenue and cost for its fee-specific subaccounts across the 10,000 simulations. We compare the median value of the overall CBSP account carryover balance to an amount we calculated on the basis of the targeted threshold of having the CBSP account carryover balance equal to at least 25 percent of obligations. Specifically, over fiscal years 2013 through 2020, obligations against the CBSP account averaged \$3.21 billion. Using the targeted threshold, we calculated the targeted amount to be \$802.56 million on the basis of the average historical obligations. Appendix V contains further results from the simulations, including the expected ranges of the CBSP account carryover balance and yearly difference, assuming no carryover balances between projected revenue and costs for its fee-specific subaccounts.

To assess the reliability of the aggregated revenue, obligations, and carryover balance data from GFMS and other sources used to

¹¹In addition, the Antideficiency Act prohibits federal agencies from obligating or expending federal funds in advance or in excess of an appropriation, unless specifically authorized. Pub. L. No. 97-258, 96 Stat. 877 (Sept. 13, 1982), codified as amended at 31 U.S.C. § 1341.

¹²In using the retained revenues, our simulations account for transfers to the General Fund and assume the authorities under which CA transfers collections to the General Fund remain consistent.

characterize consular fees prior to and during the pandemic and in our simulation modeling, we reviewed relevant documentation, interviewed knowledgeable State officials, and conducted electronic data testing. We determined that these data were sufficiently reliable for our purposes of analyzing and projecting consular fee revenue, costs, and carryover balance trends from fiscal years 2013 through 2021 and for modeling CA's future revenues.

To examine the extent to which CA's processes for estimating key data for evaluating the adequacy of its revenue meet the key elements of economic analysis, we assessed the strengths and limitations of CA's processes for estimating the unit costs, demand, and total revenue of consular services and products against the five key elements of economic analyses in GAO's *Assessment Methodology for Economic Analysis*.¹³ We also compared these processes with GAO's *Standards for Internal Control in the Federal Government*¹⁴ and Office of Management and Budget Circular No. A-25.¹⁵ Specifically, we determined that the control activities component of internal control was significant to this objective, given the underlying principle that management should document responsibilities through policies.

We conducted this performance audit from August 2020 to April 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹³GAO, *Assessment Methodology for Economic Analysis*, [GAO-18-151SP](#) (Washington, D.C.: Apr. 10, 2018).

¹⁴GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014).

¹⁵Office of Management and Budget, *User Charges*, Circular No. A-25 Revised.

Appendix II: Legal Authorities for Selected Consular Fees

Agencies derive their authority to charge user fees either from the Independent Offices Appropriation Act of 1952 (IOAA) or other statutory authority.¹ The IOAA provides agencies broad authority to assess user fees or charges through regulation for services or things of value they provide. The IOAA itself does not provide authority for agencies to retain fees they collect.² Some agencies, however, have specific statutory authority to retain and use fees without additional legislative action.

Office of Management and Budget (OMB) Circular No. A-25 establishes federal guidelines regarding user fees assessed under the authority of the IOAA and other statutes, including the scope and types of activities subject to user fees and the basis upon which the fees are set.³ It also provides guidance for executive branch agency implementation of fees and the disposition of collections.⁴

Under OMB Circular No. A-25, agencies must review their user fees for agency programs biennially, to include: (1) assurance that existing charges are adjusted to reflect unanticipated changes in costs or market values, and (2) a review of all other agency programs to determine whether fees should be assessed for government services or the user of government goods or services.

The Department of State's Bureau of Consular Affairs (CA) retains revenues from nine consular fees, all of which are charged for visa or

¹Pub. L. No. 82-137, 65 Stat. 268 (1951), codified at 31 U.S.C. § 9701.

²Agencies may have specific statutory authority to deposit fees into receipt accounts but may not use them without further congressional appropriation of the funds (offsetting receipts) or specific statutory authority to credit the collections to an expenditure account and use the fees without additional congressional appropriation (offsetting collections).

³OMB, *User Charges*, Circular No. A-25 (Washington, D.C.: July 8, 1993).

⁴OMB Circular No. A-25 Revised does not apply to the activities of the legislative and judicial branches of government or to mixed ownership government corporations as defined in 31 U.S.C. § 9101.

**Appendix II: Legal Authorities for Selected
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passport services.⁵ CA does not retain consular fees for any overseas citizen services provided. Table 4 provides information on selected statutory authorities that authorize State to set, charge, retain, or use revenues from the nine consular fees for which CA retained revenue as of March 1, 2020.⁶

Table 4: Nine Consular Fees Retained by the Department of State Bureau of Consular Affairs, as of March 1, 2020

| Fee name | Statutory authority | Service |
|--|--|----------------|
| Passport security surcharge | The Consolidated Appropriations Act, 2005, Pub. L. No. 108-447, Div. B, Title IV, 118 Stat. 2896 (Dec. 8, 2004), codified as amended at 8 U.S.C. § 1714. Authorizes State to charge and retain passport security surcharges related to consular services in support of enhanced border security, to be deposited in the Consular and Border Security Programs account for the purposes of such account. | Passport |
| Immigrant visa security surcharge | The Consolidated Appropriations Act, 2005, Pub. L. No. 108-447, Div. B, Title IV, 118 Stat. 2896 (Dec. 8, 2004), codified as amended at 8 U.S.C. § 1714. Authorizes State to charge and retain immigrant visa security surcharges related to consular services in support of enhanced border security, to be deposited in the Consular and Border Security Programs account for the purposes of such account. | Visa |
| Western Hemisphere Travel Initiative surcharge | The Passport Services Enhancement Act of 2005, Pub. L. No. 109-167, § 2, 119 Stat. 3578-9 (Jan. 10, 2006), codified as amended at 22 U.S.C. § 214(b)(1). Authorizes State to charge a fee to cover the costs of meeting increased demand for passports as a result of actions taken to comply with a provision in the Intelligence Reform and Terrorism Prevention Act of 2004, to be deposited in the Consular and Border Security Programs account for the purposes of meeting such costs. | Passport |
| Expedited passport fee | The Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1995, Pub. L. No. 103-317, Title V, 108 Stat. 1760 (Aug. 26, 1994), codified as amended at 22 U.S.C. § 214 note. Authorizes State to retain a fee for expedited passport processing services, to be deposited as an offsetting collection in the Diplomatic Programs or Consular and Border Security Programs account. | Passport |
| Machine readable visa fee | The Foreign Relations Authorization Act, Fiscal Years 1994 and 1995, Pub. L. No. 103-236, § 140(a), 108 Stat. 399 (Apr. 30, 1994), codified as amended at 8 U.S.C. § 1351 note, as supplemented by 8 U.S.C. § 1713. Authorizes State to charge a fee or surcharge for processing machine readable nonimmigrant visas and machine readable combined border crossing identification cards and nonimmigrant visas, and to deposit such fees in the Consular and Border Security Programs account to recover the costs of providing consular services. | Visa |

⁵This does not include the new authority provided by the Consolidated Appropriations Act, 2022, Pub. L. No. 117-103, § 7069(e) (Mar. 15, 2022), which requires that passport application and execution fees be deposited in the Consular and Border Security Programs account.

⁶These fees were established by different statutes and at different times, although all were established before CA transitioned to fully funding consular operations with fee revenue in fiscal year 2013.

**Appendix II: Legal Authorities for Selected
Consular Fees**

| Fee name | Statutory authority | Service |
|--|---|----------------|
| Affidavit of support fee | The Admiral James W. Nance and Meg Donovan Foreign Relations Authorization Act, Fiscal Years 2000 and 2001, Div. A, Title II, § 232, enacted by the Consolidated Appropriations Act, 2000, Pub. L. No. 106-113, Div. B, § 1000(a)(7), 113 Stat. 1536 (Nov. 29, 1999), codified as amended at 8 U.S.C. § 1183a note. Authorizes State to charge and retain fees relating to affidavits of support required under a provision of the Immigration and Nationality Act, to be deposited in the Consular and Border Security Programs account to recover the cost of providing consular services. | Visa |
| Diversity visa lottery fee | The Illegal Immigration Reform and Immigrant Responsibility Act of 1996, Pub. L. No. 104-208, Div. C, Title VI, § 636, 110 Stat. 3009-703 (Sept. 30, 1996), codified as amended at 8 U.S.C. § 1153 note. Authorizes State to collect and retain a fee that ensures the recovery of the cost of allocating and processing applications for visas to be issued under the Diversity Lottery Program, to be deposited in the Consular and Border Security Programs account to recover the cost of providing consular services. | Visa |
| H and L fraud prevention and detection fee | The H-1B Visa Reform Act of 2004, Pub. L. No. 108-447, Div. J, Title IV, § 426(a), 118 Stat. 3357-8 (Dec. 8, 2004), codified as amended at 8 U.S.C. § 1184(c)(12). Requires collection of fraud prevention and detection fees from certain visa applicants, to be deposited into the Fraud Prevention and Detection account, one-third of those amounts being available to State for certain fraud prevention and detection activities. | Visa |
| J-waiver fee | The Department of State Authorization Act, Fiscal Years 1982 and 1983, Pub. L. No. 97-241, Title III, § 304(e), 96 Stat. 293 (Aug. 24, 1982), codified as amended at 22 U.S.C. § 1475e. Authorizes State to receive fees in connection with Exchange Visitor Program Services. According to State, within these services, fee receipts related to J-waivers are deposited in the Diplomatic Programs account for Consular and Border Security Programs use, and fee receipts for other Exchange Visitor Program Services (e.g., Program Designation) are deposited in the Educational and Cultural Exchange Programs account. | Visa |

Source: GAO analysis of State documentation and relevant legislation. | GAO-22-104424

Note: This table does not take into account the various flexibilities provided following the beginning of the COVID-19 pandemic. See, for example, the CARES Act, Pub. L. No. 116-136, § 21009, 134 Stat. 592 (March 27, 2020). This table also does not include the new authority provided by the Consolidated Appropriations Act, 2022, Pub. L. No. 117-103, § 7069(e) (Mar. 15, 2022), which requires that passport application and execution fees be deposited in the Consular and Border Security Programs account.

Appendix III: Fee Amounts and Retention Status by Consular Service

The Department of State Bureau of Consular Affairs (CA) collects fees for some of the consular services it provides. According to State documentation, CA transfers some of those fees collected to the General Fund of the U.S. Government (General Fund) (including all fees collected in providing overseas citizen services) but retains collections (revenues) from nine consular fees: the (1) machine readable visa fee, (2) passport security surcharge, (3) Western Hemisphere Travel Initiative surcharge, (4) expedited passport fee, (5) immigrant visa security surcharge, (6) diversity visa lottery fee, (7) H and L fraud prevention and detection fee, (8) affidavit of support fee, and (9) J-waiver fee.¹

The full list of the fees that CA charges for consular services is published in the Schedule of Fees for Consular Services for the Department of State and Foreign Service.²

Table 5 presents the full list of consular fees (including services for which no fee is charged), whether CA retains the fee revenue (according to State), and which of the nine retained fees the service corresponds to, if any, as of December 27, 2021.

¹State is required by law to deposit certain consular fee collections into the General Fund. In this report, we refer to the consular fees collected but not retained by State as “transfers to the General Fund.”

²22 C.F.R. § 22.1.

**Appendix III: Fee Amounts and Retention
Status by Consular Service**

Table 5: Department of State Consular Fee Amounts and Fee Revenue Retention Status, as of December 27, 2021

| Schedule of Fees Item | Service Item | Fee Amount | Status of Fee Revenue Collected (retained, partially retained, not retained, not applicable) ^a | Name of State-Retained Fee^a |
|------------------------------|--|-------------------|---|--|
| 1 | Passport Book or Card Execution: Required for first-time applicants and others who must apply in person | \$35 | Non-retained | N/A |
| 2a | Passport Book Application: Applicants age 16 or over (including renewals) | \$50 | Partially retained | Western Hemisphere Travel Initiative surcharge (fee amount includes the non-retained passport application fee) |
| 2b | Passport Book Application: Applicants under age 16 | \$20 | Partially retained | Western Hemisphere Travel Initiative Surcharge (fee amount includes the non-retained passport application fee) |
| 2d | Passport Book Application: Passport book replacement for name change if submitted within 1 year of passport issuance | No Fee | N/A | N/A |
| 2e | Passport Book Application: Passport book replacement for passport book limited in validity if submitted within 1 year of passport issuance (passport books limited in validity because of multiple losses, thefts, damage or mutilations cannot be replaced) | No Fee | N/A | N/A |
| 2f | Passport Book Application: Passport book replacement for data correction (name, date of birth, place of birth, sex printed erroneously) if submitted within 1 year of passport issuance | No fee | N/A | N/A |
| 2g | Passport Book Security Surcharge (Enhanced Border Security Fee) | \$80 | Retained | Passport security surcharge |
| 3 | Expedited Service: Passport processing within the expedited processing period published on State's website (see 22 C.F.R. § 51.56(b)) or in-person service at a U.S. Passport Agency (not applicable abroad) | \$60 | Retained | Expedited passport fee |
| 4a | Exemption: Officers or employees of the United States and their immediate family members and Peace Corps Volunteers and Leaders proceeding abroad or returning to the United States in the discharge of their official duties | No Fee | N/A | N/A |
| 4b | Exemption: U.S. Citizen Seamen who require a passport in connection with their duties aboard an American flag vessel | No Fee | N/A | N/A |

**Appendix III: Fee Amounts and Retention
Status by Consular Service**

| Schedule of Fees Item | Service Item | Fee Amount | Status of Fee Revenue Collected (retained, partially retained, not retained, not applicable) ^a | Name of State-Retained Fee^a |
|------------------------------|--|---|---|---|
| 4c | Exemption: Widows, children, parents, or siblings of deceased members of the Armed Forces proceeding abroad to visit the graves of such members | No fee | N/A | N/A |
| 4d | Exemption: Employees of the American National Red Cross proceeding abroad as members of the Armed Forces of the United States | No fee | N/A | N/A |
| 5 | Travel Letter: Provided in rare, life or death situations as an emergency accommodation to a U.S. citizen returning to the United States when the consular officer is unable to issue a passport book | No fee unless consular time charges (Item 75) apply | N/A | N/A |
| 6 | File search and verification of U.S. Citizenship: When applicant has not presented evidence of citizenship and previous records must be searched (except for an applicant abroad whose passport was stolen or lost abroad or when one of the exemptions is applicable) | \$150 | Non-retained | N/A |
| 7 | Application for Consular Report of Birth Abroad of a Citizen of the United States | \$100 | Non-retained | N/A |
| 8 | Administrative Processing of Request for Certificate of Loss of Nationality | \$2,350 | Non-retained | N/A |
| 9a | Passport Card Application Services for: Applicants age 16 or over (including renewals) [Adult Passport Card] | \$30 | Partially retained | Western Hemisphere Travel Initiative Surcharge (fee amount) includes the non-retained passport application fee) |
| 9b | Passport Card Application Services for: Applicants under age 16 [Minor Passport Card] | \$15 | Partially retained | Western Hemisphere Travel Initiative Surcharge (fee amount) includes the non-retained passport application fee) |
| 9c | Passport Card Application Services for: Passport card replacement for name change if submitted within 1 year of passport issuance | No fee | N/A | N/A |
| 9d | Passport Card Application Services for: Passport card replacement for data correction (name, date of birth, place of birth, sex printed erroneously) if submitted within 1 year of passport issuance | No fee | N/A | N/A |
| 11 | Arrest and Prison Visits | No fee | N/A | N/A |
| 12 | Assistance regarding the welfare and whereabouts of a U.S. Citizen, including child custody inquiries and processing of repatriation and emergency dietary assistance loans | No fee | N/A | N/A |

**Appendix III: Fee Amounts and Retention
Status by Consular Service**

| Schedule of Fees Item | Service Item | Fee Amount | Status of Fee Revenue Collected (retained, partially retained, not retained, not applicable) ^a | Name of State-Retained Fee^a |
|------------------------------|--|--|---|---|
| 14a | Assistance to next- of- kin: After the death of a U.S. citizen abroad (providing assistance in disposition of remains, making arrangements for shipping remains, issuing Consular Mortuary Certificate, and providing up to 20 original Consular Reports of Death) | No fee | N/A | N/A |
| 14b | Assistance to next- of- kin: Making arrangements for a deceased non-U.S. citizen family member (providing assistance in shipping or other disposition of remains of a non-U.S. citizen) | \$200 plus expenses | Non-retained | N/A |
| 15 | Issuance of Consular Mortuary Certificate on behalf of a non-U.S. citizen | \$60 | Non-retained | N/A |
| 16a | Acting as a Provisional Conservator of estates of U.S. citizens: Taking possession of personal effects; making an inventory under an official seal (unless significant time and/or expenses incurred) | No fee | N/A | N/A |
| 16b | Acting as a Provisional Conservator of estates of U.S. citizens: Overseeing the appraisal, sale, and final disposition of the estate, including disbursing funds, forwarding securities, etc. (unless significant time and/or expenses incurred) | No Fee | N/A. | N/A |
| 16c | Acting as a Provisional Conservator of estates of U.S. citizens: For services listed in Item 16(a) or (b) when significant time and/or expenses are incurred | Consular time (item 75) plus expenses | Non-retained | N/A |
| 20a | Filing Nonimmigrant Visa Petition Based on Blanket L Petition (collected for USCIS and subject to change): Petition for a nonimmigrant worker (Form I-129) | For fee amount, see 8 C.F.R. § 103.7 (b) (1) | N/A | N/A |
| 20b | Filing Nonimmigrant Visa Petition Based on Blanket L Petition (collected for USCIS and subject to change): Nonimmigrant petition based on blanket L petition | For fee amount, see 8 C.F.R. § 103.7 (b) (1) | N/A | N/A |
| 21a | Nonimmigrant Visa Application and Border Crossing Card Processing Fees (per person): Non-petition-based nonimmigrant visa (except E category) | \$160 | Retained | Machine readable visa fee ^b |
| 21b | Nonimmigrant Visa Application and Border Crossing Card Processing Fees (per person): H, L, O, P, Q, and R category nonimmigrant visa | \$190 | Retained | Machine readable visa fee ^b |
| 21c | Nonimmigrant Visa Application and Border Crossing Card Processing Fees (per person): E category nonimmigrant visa | \$205 | Retained | Machine readable visa fee ^b |
| 21d | Nonimmigrant Visa Application and Border Crossing Card Processing Fees (per person): K category (fiancé) nonimmigrant visa | \$265 | Retained | Machine readable visa fee ^b |

**Appendix III: Fee Amounts and Retention
Status by Consular Service**

| Schedule of Fees Item | Service Item | Fee Amount | Status of Fee Revenue Collected (retained, partially retained, not retained, not applicable) ^a | Name of State-Retained Fee^a |
|------------------------------|--|-------------------|---|---|
| 21e | Nonimmigrant Visa Application and Border Crossing Card Processing Fees (per person): Border crossing card – age 15 and over (10-year validity) | \$160 | Retained | Machine readable visa fee ^b |
| 21f | Nonimmigrant Visa Application and Border Crossing Card Processing Fees (per person): Border crossing card – under age 15; for Mexican citizens if parent or guardian has or is applying for a border crossing card (valid 10 years or until the applicant reaches age 15, whichever is sooner) | \$15 ^c | Retained | Machine readable visa fee ^b |
| 22a | Exemption from Nonimmigrant Visa Application Processing Fee: Applicants for A, G, C-3, NATO and diplomatic visas as defined in 22 C.F.R. § 41.26 | No fee | N/A | N/A |
| 22b | Exemption from Nonimmigrant Visa Application Processing Fee: Applicants for J visas participating in official U.S. government-sponsored educational and cultural exchanges | No fee | N/A | N/A |
| 22c | Exemption from Nonimmigrant Visa Application Processing Fee: Replacement machine readable visa when the original visa was not properly affixed or needs to be reissued through no fault of the applicant | No fee | N/A | N/A |
| 22d | Exemption from Nonimmigrant Visa Application Processing Fee: Applicants exempted by international agreement as determined by State, including members and staff of an observer mission to United Nations Headquarters recognized by the UN General Assembly, and their immediate families | No fee | N/A | N/A |
| 22e | Exemption from Nonimmigrant Visa Application Processing Fee: Applicants traveling to provide charitable services as determined by State | No fee | N/A | N/A |
| 22f | Exemption from Nonimmigrant Visa Application Processing Fee: U.S. government employees traveling on official business | No fee | N/A | N/A |
| 22g | Exemption from Nonimmigrant Visa Application Processing Fee: A parent, sibling, spouse, or child of a U.S. government employee killed in the line of duty who is traveling to attend the employee’s funeral and/or burial; or a parent, sibling, spouse, son, or daughter of a U.S. government employee critically injured in the line of duty for visitation during emergency treatment and convalescence | No fee | N/A | N/A |
| 23 | Nonimmigrant Visa Issuance Fee, Including Border-Crossing Cards (Reciprocity Fee) | Reciprocal | Non-retained | N/A |

**Appendix III: Fee Amounts and Retention
Status by Consular Service**

| Schedule of Fees Item | Service Item | Fee Amount | Status of Fee Revenue Collected (retained, partially retained, not retained, not applicable) ^a | Name of State-Retained Fee^a |
|------------------------------|---|---|---|--|
| 24a | Exemption from Nonimmigrant Visa Issuance Fee: An official representative of a foreign government or an international or regional organization of which the U.S. is a member, members and staff of an observer mission to United Nations Headquarters recognized by the UN General Assembly and applicants for diplomatic visas as defined under Item 22(a); and their immediate families | No fee | N/A | N/A |
| 24b | Exemption from Nonimmigrant Visa Issuance Fee: An applicant transiting to and from the United Nations Headquarters | No fee | N/A | N/A |
| 24c | Exemptions from Nonimmigrant Visa Issuance Fee: An applicant participating in a U.S. government sponsored program | No fee | N/A | N/A |
| 24d | Exemption from Nonimmigrant Visa Issuance Fee: An applicant traveling to provide charitable services as determined by State | No fee | N/A | N/A |
| 25 | Fraud Prevention and Detection Fee for Visa Applicant included in L Blanket Petition (principal applicant only) | \$500 | Retained | H and L Fraud Prevention and Detection Fee (State and the Department of Homeland Security collect this fee; with one-third of fees deposited into the Fraud Prevention and Detection Account made available each to State, the Department of Homeland Security, and the Department of Labor) |
| 31a | Filing Immigrant Visa Petition (collected for USCIS and subject to change): Petition to classify status of alien relative for issuance of immigrant visa | For fee amount, see 8 C.F.R. § 103.7(b) (1) | N/A | N/A |
| 31b | Filing Immigrant Visa Petition: Petition to classify orphan as an immediate relative | For fee amount, see 8 C.F.R. § 103.7(b) (1) | N/A | N/A |
| 32a | Immigrant Visa Application Processing Fee (per person): Immediate relative and family preference applications | \$325 | Partially retained | Immigrant visa security surcharge (fee amount includes the non-retained immigrant visa application fee) |

**Appendix III: Fee Amounts and Retention
Status by Consular Service**

| Schedule of Fees Item | Service Item | Fee Amount | Status of Fee Revenue Collected (retained, partially retained, not retained, not applicable) ^a | Name of State-Retained Fee^a |
|------------------------------|---|---|---|---|
| 32b | Immigrant Visa Application Processing Fee (per person): Employment-based applications | \$345 | Partially retained | Immigrant visa security surcharge (fee amount includes the non-retained immigrant visa application fee) |
| 32c | Immigrant Visa Application Processing Fee (per person): Other immigrant visa applications (including I-360 self-petitioner and special immigrant visa applicants) | \$205 | Partially retained | Immigrant visa security surcharge (fee amount includes the non-retained immigrant visa application fee) |
| 32d | Immigrant Visa Application Processing Fee (per person): Certain Iraqi and Afghan special immigrant visa applications | No fee | N/A | N/A |
| 32e | Certain applicants for replacement Immigrant Visas as described in 22 C.F.R. § 42.74(b)(2) | No fee | N/A | N/A |
| 33 | Diversity Visa Lottery Fee (per person applying as a result of the lottery program) | \$330 | Retained | Diversity visa lottery fee |
| 34 | Affidavit of Support Review (only when reviewed domestically) | \$120 | Retained | Affidavit of support fee |
| 35a | Special Visa Services: Determining Returning Resident Status | \$180 | Non-retained | N/A |
| 35b | Special Visa Services: Waiver of 2-year residency requirement | \$120 | Retained | J-waiver fee |
| 35c | Special Visa Services: Waiver of immigrant visa ineligibility (collected for USCIS and subject to change) | For fee amount, see 8 C.F.R. § 103.7(b) (1) | Non-retained | N/A |
| 35d | Special Visa Services: Refugee or significant public benefit parole case processing | No fee | N/A | N/A |
| 41a | Providing Notarial Service: First service (seal) | \$50 | Non-retained | N/A |
| 41b | Providing Notarial Service: Each additional seal provided at the same time in connection with the same transaction | \$50 | Non-retained | N/A |
| 42a | Certification of a true copy or that no record of an official file can be located (by a post abroad): First copy | \$50 | Non-retained | N/A |

**Appendix III: Fee Amounts and Retention
Status by Consular Service**

| Schedule of Fees Item | Service Item | Fee Amount | Status of Fee Revenue Collected (retained, partially retained, not retained, not applicable) ^a | Name of State-Retained Fee^a |
|------------------------------|--|-------------------|---|---|
| 42b | Certification of a true copy or that no record of an official file can be located (by a post abroad): Each additional copy provided at the same time | \$50 | Non-retained | N/A |
| 43a | Provision of documents, certified copies of documents, and other certifications by State (domestic): Documents relating to births, marriages, and deaths of U.S. citizens abroad originally issued by a U.S. embassy or consulate | \$50 | Non-retained | N/A |
| 43b | Provision of documents, certified copies of documents, and other certifications by State (domestic): Issuance of Replacement Report of Birth Abroad | \$50 | Non-retained | N/A |
| 43c | Provision of documents, certified copies of documents, and other certifications by State (domestic): Certified copies of documents relating to births and deaths within the former Canal Zone of Panama from records maintained by the Canal Zone Government from 1904 to September 30, 1979 | \$50 | Non-retained | N/A |
| 43d | Provision of documents, certified copies of documents, and other certifications by State (domestic): Certifying a copy of a document or extract from an official passport record | \$50 | Non-retained | N/A |
| 43e | Provision of documents, certified copies of documents, and other certifications by State (domestic): Certifying that no record of an official file can be located | \$50 | Non-retained | N/A |
| 43f | Provision of documents, certified copies of documents, and other certifications by State (domestic): Each additional copy provided at same time | \$50 | Non-retained | N/A |
| 44a | Authentications (by posts abroad): Authenticating a foreign notary or other foreign official seal or signature | \$50 | Non-retained | N/A |
| 44b | Authentications (by posts abroad): Authenticating a U.S. federal, state, or territorial seal | \$50 | Non-retained | N/A |
| 44c | Authentications (by posts abroad): Certifying to the official status of an officer of State or of a foreign diplomatic or consular officer accredited to or recognized by the U.S. Government | \$50 | Non-retained | N/A |
| 44d | Authentications (by posts abroad): Each authentication | \$50 | Non-retained | N/A |

**Appendix III: Fee Amounts and Retention
Status by Consular Service**

| Schedule of Fees Item | Service Item | Fee Amount | Status of Fee Revenue Collected (retained, partially retained, not retained, not applicable) ^a | Name of State-Retained Fee^a |
|------------------------------|--|-------------------|---|---|
| 45a | Exemption: Notarial, certification, and authentication fees (Items 41-44) or passport file search fees (Item 6) will not be charged when the service is performed: At the direct request of any federal Government agency, any state or local government, the District of Columbia, or any of the territories or possessions of the United States (unless significant costs would be incurred) | No fee | N/A | N/A |
| 45b | Exemption: Notarial, certification, and authentication fees (Items 41-44) or passport file search fees (Item 6) will not be charged when the service is performed: With respect to documents to be presented by claimants, beneficiaries, or their witnesses in connection with obtaining federal, state, or municipal benefits | No fee | N/A | N/A |
| Schedule of Fees Item | Service Item | Fee Amount | Status of Fee Revenue Collected (retained, partially retained, not retained, not applicable) ^a | Name of State-Retained Fee^a |
| 45c | Exemption: Notarial, certification, and authentication fees (Items 41-44) or passport file search fees (Item 6) will not be charged when the service is performed: For U.S. citizens outside the United States preparing ballots for any public election in the United States or any of its territories | No fee | N/A | N/A |
| 45d | Exemption: Notarial, certification, and authentication fees (Items 41-44) or passport file search fees (Item 6) will not be charged when the service is performed: At the direct request of a foreign government or an international agency of which the United States is a member if the documents are for official noncommercial use | No fee | N/A | N/A |
| 45e | Exemption: Notarial, certification, and authentication fees (Items 41-44) or passport file search fees (Item 6) will not be charged when the service is performed: At the direct request of a foreign government official when appropriate or as a reciprocal courtesy | No fee | N/A | N/A |
| 45f | Exemption: Notarial, certification, and authentication fees (Items 41-44) or passport file search fees (Item 6) will not be charged when the service is performed: At the request of direct-hire U.S. Government personnel, Peace Corps volunteers, or their dependents stationed or traveling officially in a foreign country | No fee | N/A | N/A |

**Appendix III: Fee Amounts and Retention
Status by Consular Service**

| Schedule of Fees Item | Service Item | Fee Amount | Status of Fee Revenue Collected (retained, partially retained, not retained, not applicable) ^a | Name of State-Retained Fee^a |
|------------------------------|---|---------------------------------------|---|---|
| 45g | Exemption: Notarial, certification, and authentication fees (Items 41-44) or passport file search fees (Item 6) will not be charged when the service is performed: With respect to documents whose production is ordered by a court of competent jurisdiction | No fee | N/A | N/A |
| 45h | Exemption: Notarial, certification, and authentication fees (Items 41-44) or passport file search fees (Item 6) will not be charged when the service is performed: With respect to affidavits of support for immigrant visa applications | No fee | N/A | N/A |
| 45i | Exemption: Notarial, certification, and authentication fees (Items 41-44) or passport file search fees (Item 6) will not be charged when the service is performed: With respect to endorsing U.S. Savings Bonds Certificates | No fee | N/A | N/A |
| 46a | Authentications (by the Office of Authentications domestically): each basic authentication service | \$20 | Non-retained | N/A |
| 51 | Processing letters rogatory and Foreign Sovereign Immunities Act judicial assistance cases, including providing seal and certificate for return of letters rogatory executed by foreign officials | \$2,275 | Non-retained | N/A |
| 52a | Taking depositions or executing commissions to take testimony: Scheduling/arranging appointments for depositions, including depositions by video teleconference (per daily appointment) | \$1,283 | Non-retained | N/A |
| 52b | Taking depositions or executing commissions to take testimony: Attending or taking depositions, or executing commissions to take testimony (per hour or part thereof) | \$309 per hour plus expenses | Non-retained | N/A |
| 52c | Taking depositions or executing commissions to take testimony: Swearing in witnesses for telephone depositions | Consular time (item 75) plus expenses | Non-retained | N/A |
| 52d | Taking depositions or executing commissions to take testimony: Supervising telephone depositions (per hour or part thereof over the first hour) | Consular time (item 75) plus expenses | Non-retained | N/A |
| 52e | Taking depositions or executing commissions to take testimony: Providing seal and certification of depositions | \$415 | Non-retained | N/A |

**Appendix III: Fee Amounts and Retention
Status by Consular Service**

| Schedule of Fees Item | Service Item | Fee Amount | Status of Fee Revenue Collected (retained, partially retained, not retained, not applicable) ^a | Name of State-Retained Fee^a |
|------------------------------|---|---------------------------------------|---|---|
| 53a | Exemption: Deposition or executing commissions to take testimony. Fees (Item 52) will not be charged when the service is performed: At the direct request of any Federal Government agency, any state or local government, the District of Columbia, or any of the territories or possessions of the United States (unless significant time required and/or expenses would be incurred) | No fee | N/A | N/A |
| 53b | Exemption: Deposition or executing commissions to take testimony. Fees (Item 52) will not be charged when the service is performed: Executing commissions to take testimony in connection with foreign documents for use in criminal cases when the commission is accompanied by an order of federal court on behalf of an indigent party | No fee | N/A | N/A |
| 61 | Shipping and Seaman's Services: Including but not limited to recording a bill of sale of a vessel purchased abroad, renewal of a marine radio license, and issuance of certificate of American ownership | Consular time (item 75) plus expenses | Non-retained | N/A |
| 71 | Non-emergency telephone calls | \$10 plus long distance charge | Non-retained | |
| 72 | Setting Up and Maintaining a Trust Account: For 1 year or less to transfer funds to or for the benefit of a U.S. citizen in need in a foreign country | \$30 | Non-retained | |
| 73 | Transportation charges incurred in the performance of fee and no-fee services when appropriate and necessary | Expenses incurred | Non-retained | N/A |
| 74 | Return Check Processing Fee | \$25 | Non-retained | N/A |
| 75 | Consular Time Charges: As required by this schedule and for fee services performed away from the office or during after-duty hours (per hour or part thereof/per consular officer) | \$135 | Non-retained | N/A |
| 76 | Photocopies (per page) | \$1 | Non-retained | N/A |

Legend: N/A = not applicable.

Source: Schedule of Fees for Consular Services – Department of State and Foreign Service, 22 C.F.R. § 22.1, and State officials and documentation. | GAO-22-104424

Note: Item numbers absent from the sequence represent line items labeled “vacant” in the Schedule of Fees for which no service or fee has been assigned. This table does not include the new authority provided by the Consolidated Appropriations Act, 2022, Pub. L. No. 117-103, § 7069(e) (Mar. 15, 2022), which requires that passport application and execution fees be deposited in the CBSP account beginning on October 1, 2021, and for each fiscal year thereafter.

^a“Status of Fee Collected” and “Name of State-Retained Fee” information presented is based upon State documentation and was not independently verified.

^bState documentation lists this fee as “retained,” but the \$2 HIV/AIDS/TB/Malaria surcharge that is included in this amount is transferred to the General Fund of the U.S. Government, according to State officials.

^cEffective June 15, 2021, the border crossing card fee amount for Mexican citizens under age 15 whose parent or guardian has or is applying for a border crossing card was reduced from \$16 to \$15.

Appendix IV: Consular Fee Revenues, Obligations, and Carryover Balances Prior to the COVID-19 Pandemic

The Department of State Bureau of Consular Affairs (CA) collects fees for some of the consular services it provides. CA transfers some of those fees collected to the General Fund of the U.S. Government (General Fund) (including all fees collected in providing overseas citizen services) but retained collections (revenues) from nine consular fees from fiscal years 2013 through 2019: the machine readable visa fee, passport security surcharge, Western Hemisphere Travel Initiative surcharge, expedited passport fee, immigrant visa security surcharge, diversity visa lottery fee, H and L fraud prevention and detection fee, affidavit of support fee, and J-waiver fee.¹

Table 6 presents annual average consular fee revenue in dollars and as a percentage of total revenue from fiscal years 2013 through 2019 for the nine consular fees for which CA retained revenues.

Table 6: Annual Average of Consular Fee Revenues by Fee, Fiscal Years 2013–2019

| Consular fee | Average annual revenue (dollars) | Average annual revenue (percent) | Range of annual revenue (dollars) | Range of annual revenue (percent) |
|--|----------------------------------|----------------------------------|---------------------------------------|-----------------------------------|
| Machine readable visa fee | 1,985 million | 55 | 1,704 million to 2,173 million | 48 to 63 |
| Passport security surcharge | 823 million | 23 | 470 million to 1,123 million | 16 to 28 |
| Western Hemisphere Travel Initiative surcharge | 395 million | 11 | 304 million to 475 million | 10 to 12 |
| All other fees retained | 398 million | 11 | 291 million to 454 million | 10 to 11 |
| Total, all retained fees | 3,600 million | — | 2,793 million to 4,069 million | — |

Legend: — = not applicable

Source: GAO analysis of Department of State data. | GAO-22-104424

¹State is required by law to deposit certain consular fee collections into the General Fund. In this report, we refer to consular fees collected but not retained by State as “transfers to the General Fund.”

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Note: All other fees that State retains include the expedited passport fee, immigrant visa security surcharge, diversity visa lottery fee, H and L fraud prevention and detection fee, affidavit of support fee, and J-waiver fee.

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Table 7 presents annual consular fee revenues for each of CA's nine retained fees from fiscal years 2013 through 2019.

Table 7: Consular Fee Revenues by Fee, Fiscal Years 2013–2019

Dollars in millions

| | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Machine readable visa fee | 1,704 | 1,967 | 2,173 | 2,157 | 2,025 | 1,957 | 1,910 |
| Passport security surcharge | 468 | 494 | 549 | 918 | 1,119 | 1,092 | 1,123 |
| Western Hemisphere Travel Initiative surcharge | 330 | 304 | 337 | 391 | 473 | 452 | 475 |
| Expedited passport fee | 168 | 183 | 218 | 240 | 273 | 255 | 278 |
| Diversity visa lottery fee | 21 | 21 | 20 | 19 | 21 | 21 | 20 |
| J-waiver fee | 1 | 2 | 1 | 1 | 1 | 1 | 1 |
| Affidavit of support fee | 30 | 35 | 47 | 54 | 40 | 53 | 43 |
| Immigrant visa security surcharge | 33 | 40 | 54 | 75 | 60 | 42 | 58 |
| H and L fraud prevention and detection Fee | 36 | 55 | 49 | 49 | 56 | 54 | 53 |
| Total | 2,793 | 3,101 | 3,448 | 3,903 | 4,069 | 3,927 | 3,962 |

Legend: FY = fiscal year

Source: GAO analysis of Department of State data. | GAO-22-104424

Note: Numbers in columns may not sum precisely to totals because of rounding.

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Table 8 compares consular fee revenues and obligations from fiscal years 2013 through 2019.

Table 8: Comparison of Consular Fee Revenues and Obligations, Fiscal Years 2013–2019

| Fiscal year | Consular fee revenue^a (dollars in millions) (Collections retained, after transfers to the General Fund) | Costs of consular services (dollars in millions) (Obligations) | Difference (dollars in millions) (Revenue less Obligations) | Revenue as a percentage of obligation (percent) |
|--------------------|---|---|--|--|
| 2013 | 2,793 | 2,417 | 375 | 116 |
| 2014 | 3,101 | 2,766 | 334 | 112 |
| 2015 | 3,448 | 3,155 | 292 | 109 |
| 2016 | 3,903 | 3,711 | 192 | 105 |
| 2017 | 4,069 | 3,481 | 589 | 117 |
| 2018 | 3,927 | 3,464 | 463 | 113 |
| 2019 | 3,962 | 3,642 | 320 | 109 |
| Total | 25,202 | 22,636 | 2,566 | 111 |

Source: GAO analysis of Department of State data. | GAO-22-104424

Notes: Numbers and percentages in columns may not sum precisely to totals because of rounding. The General Fund is a reference to the General Fund of the U.S. Government, which is managed by the Department of the Treasury. State is required by law to deposit certain consular fee collections into the General Fund. In this report, we refer to the consular fees collected but not retained by State as “transfers to the General Fund.”

^aConsular fee revenue amounts shown here include expedited passport fee revenues. Until fiscal year 2020, expedited passport fee revenues were not used to fund consular operations but instead were used to support State’s Information Technology Central Fund, according to State documentation and officials.

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Table 9 presents consular fee obligations by type of cost from fiscal years 2013 through 2019.

Table 9: Consular Services Obligations by Type, Fiscal Years 2013–2019

| Fiscal year | Obligations for CBSP salaries (dollars in millions) (Percentage of total obligations) | Obligations for Bureau of Consular Affairs (dollars in millions) (Percentage of total obligations) | Obligations for partner bureaus^a (dollars in millions) (Percentage of total obligations) | Total obligations (dollars in millions) |
|--------------------|--|---|--|--|
| 2015 | 566 (18) | 2,073 (66) | 516 (16) | 3,155 |
| 2016 | 641 (17) | 2,484 (67) | 585 (16) | 3,711 |
| 2017 | 632 (18) | 2,296 (66) | 552 (16) | 3,481 |
| 2018 | 662 (19) | 2,289 (66) | 513 (15) | 3,464 |
| 2019 | 679 (19) | 2,368 (65) | 594 (16) | 3,641 |

Legend: CBSP = Consular and Border Security Programs

Source: GAO analysis of Department of State data. | GAO-22-104424

Note: Numbers and percents in rows may not sum precisely to totals or 100 percent because of rounding.

^aPartner bureaus receive CBSP funding to provide diplomatic security, administrative support, and overseas building operations services, among other functions that support consular operations.

CA's total carryover balance grew an annual average of \$132 million from fiscal years 2013 through 2019, ranging from a low of negative 3.4 percent growth (in fiscal year 2016) to a high of 22.9 percent growth (in fiscal year 2017). By the end of fiscal year 2019, CA had accumulated \$1.98 billion in total carryover funds. Table 10 presents carryover balances in comparison to total fee revenues from fiscal year 2013 through 2019.

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Table 10: Consular Fees Total Carryover Balance Growth, Fiscal Years 2013–2019

| Fiscal year | Total fee revenue (dollars in millions) | Total CBSP carryover balance (dollars in millions) | Carryover balance growth from prior fiscal year (dollars in millions) | Carryover balance growth as a percentage of prior fiscal year carryover (percent) | Carryover balance growth as a percentage of current fiscal year revenue (percent) |
|-------------|--|--|--|---|--|
| 2013 | 2,793 | 1,189 | not applicable | not applicable | not applicable |
| 2014 | 3,101 | 1,353 | 164 | 14 | 5 |
| 2015 | 3,448 | 1,427 | 74 | 5 | 2 |
| 2016 | 3,903 | 1,378 | -49 | -3 | -1 |
| 2017 | 4,069 | 1,693 | 315 | 23 | 8 |
| 2018 | 3,927 | 1,940 | 246 | 15 | 6 |
| 2019 | 3,962 | 1,981 | 41 | 2 | 1 |

Legend: CBSP = Consular and Border Security Programs account; — = not applicable

Source: GAO analysis of Department of State data. | GAO-22-104424

Table 11 presents carryover balances by consular fee for each of the nine retained fees from fiscal years 2013 through 2019.

Table 11: Consular Fee Carryover Balances by Fee, Fiscal Years 2013–2019

Dollars in millions

| | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| Machine readable visa fee | 446 | 539 | 560 | 749 | 788 | 701 | 481 |
| Passport security surcharge | 439 | 455 | 418 | 229 | 397 | 632 | 827 |
| Western Hemisphere Travel Initiative surcharge | 114 | 149 | 216 | 177 | 310 | 418 | 492 |
| Expedited passport fee ^a | not applicable | not applicable | not applicable | not applicable | not applicable | not applicable | < 1 |
| Diversity visa lottery fee | 18 | 18 | 19 | 13 | 16 | 16 | 15 |
| J-waiver fee | not applicable | not applicable | not applicable | not applicable | not applicable | not applicable | 14 |
| Affidavit of support fee | 54 | 57 | 76 | 23 | 24 | 8 | 12 |
| Immigrant visa security surcharge | 27 | 26 | 25 | 70 | 19 | 32 | 24 |
| H and L fraud prevention and detection Fee | 90 | 110 | 112 | 116 | 139 | 134 | 130 |
| Total | 1,189 | 1,353 | 1,427 | 1,378 | 1,693 | 1,940 | 1,981 |

Legend: FY = fiscal year; — = not applicable

Source: GAO analysis of Department of State data. | GAO-22-104424

Note: Numbers in columns may not sum precisely to totals because of rounding.

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^aFrom fiscal years 2013 through 2019, State retained collections from the expedited passport fee, but these revenues were transferred to State's Information Technology Central Fund and were not made available to cover the costs of consular operations through the Consular and Border Security Programs account, according to State documentation and officials.

Appendix V: Further Details and Additional Simulation Results for the Consular and Border Security Programs Account

This appendix provides further details and additional simulation results for our model of the overall Consular and Border Security Programs (CBSP) account carryover balance and the difference between projected revenue retained each year and projected costs for its fee-specific subaccounts. For each of these we provide the ranges we used in constructing the revenue outlooks as well as tables to present the range of values, corresponding to the 10th and 90th percentiles from across the simulations, along with the 50th percentile, corresponding to the median value.¹ We also present results showing the median value across additional simulations we conducted for the CBSP account carryover balance with varying rates of transfers (12 percent, 8 percent, and 4 percent) to the General Fund of the U.S. Government (General Fund).² The Consolidated Appropriations Act, 2022, provides a new authority that requires that, for fiscal year 2022 and thereafter, passport application and execution fees be deposited in the CBSP account.³ According to the act's joint explanatory statement, this shifts passport application and execution fees currently deposited in the General Fund to State.⁴ While our model does not reflect this change, we identify a potential rate of transfer that may approximate the effect of the estimated revenue. In addition, we present potential results showing the median value for the CBSP account carryover balance incorporating the \$20 increase in the passport security surcharge (PSS) fee amount, effective December 27, 2021.

¹The median, or 50th percentile, refers to the middle value when the values are arranged in order of size.

²State is required by law to deposit certain consular fee collections into the General Fund. In this report, we refer to consular fees collected but not retained by State as "transfers to the General Fund."

³Pub. L. No. 117-103, § 7069(e) (Mar. 15, 2022).

⁴168 Cong. Rec. H3010 (Mar. 9, 2022).

Further Details on Ranges Associated with Revenue Outlooks for the CBSP and Its Fee- Specific Subaccounts

The ranges associated with the optimistic, pessimistic, and neutral revenue outlooks for the CBSP account and its fee-specific subaccounts vary as they are constructed on the basis of the Department of State's historical revenue information from fiscal years 2013 through 2020 for each of the account types. Table 12 shows the ranges associated with each of the revenue outlooks for each of the account types.

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Table 12: Ranges Associated with Revenue Outlooks for Department of State’s Consular and Border Security Programs (CBSP) Account and Fee-Specific Subaccounts

Dollars

| Account | Revenue outlook | Lower bound | Upper bound |
|---|------------------------|--------------------|--------------------|
| CBSP overall account (using retained revenues) | Optimistic | 3,966,321,245 | 4,069,386,796 |
| | Neutral | 2,920,630,608 | 3,966,321,245 |
| | Pessimistic | 2,345,554,000 | 2,920,630,608 |
| CBSP overall account (using collections) | Optimistic | 4,663,287,651 | 4,722,386,796 |
| | Neutral | 3,549,932,952 | 4,663,287,651 |
| | Pessimistic | 2,849,193,000 | 3,549,932,952 |
| Expedited passport fee revenue | Optimistic | 261,480,500 | 278,020,000 |
| | Neutral | 189,215,500 | 261,480,500 |
| | Pessimistic | 168,376,000 | 189,215,500 |
| Machine Readable Visa fee revenue | Optimistic | 2,117,893,063 | 2,173,321,000 |
| | Neutral | 1,599,073,688 | 2,117,893,063 |
| | Pessimistic | 975,711,000 | 1,599,073,688 |
| Passport Security Surcharge revenue | Optimistic | 1,063,323,500 | 1,123,396,000 |
| | Neutral | 550,070,500 | 1,063,323,500 |
| | Pessimistic | 468,164,000 | 550,070,500 |
| Western Hemisphere Travel Initiative surcharge fee revenue | Optimistic | 447,848,250 | 474,519,000 |
| | Neutral | 315,896,500 | 447,848,250 |
| | Pessimistic | 292,327,000 | 315,896,500 |
| All other subaccounts fee revenue | Optimistic | 188,109,268 | 200,526,000 |
| | Neutral | 154,041,086 | 188,109,268 |
| | Pessimistic | 122,376,520 | 154,041,086 |

Source: GAO analysis of State consular fee revenue data. | GAO-22-104424

Notes: We rely on historical data from State’s Bureau of Consular Affairs from the period of fiscal years 2013 through 2020. The lower bound and upper bound refer to the lowest and highest value in each of the revenue outlooks, whose construction varies. Specifically, the optimistic revenue outlook corresponds to future revenues falling between one absolute deviation above the historical average and the highest revenue in the historical data. Neutral revenue outlook corresponds to future revenues falling within one absolute deviation below and above the historical average. Pessimistic revenue outlook corresponds to future revenues falling between the lowest revenue in the historical data and one absolute deviation below the average of historical revenues. Absolute deviation is the average of the absolute value of the difference between the data points and their mean.

“All other subaccounts” includes the immigrant visa security surcharge, diversity visa lottery fee, H and L fraud prevention and detection fee, affidavit of support fee, and J-waiver fee subaccounts. While the H and L fraud prevention and detection fee and the J-waiver fee are used narrowly to cover certain consular expenses, they are deposited into accounts other than the Consular and Border Security Programs account. We constructed the revenue outlook ranges for all other subaccounts based on the sum of all the fees included in all other subaccounts.

Further Details on Simulation Results for the Overall CBSP Account Carryover Balance

Table 13 shows the simulation results for our model of the overall CBSP account carryover balance under scenario 1, which assumes State’s Bureau of Consular Affairs’ (CA) revenue does not recover to levels from before the COVID-19 pandemic until fiscal year 2024, from fiscal years 2022 through 2026. The ranges depicted in table 12 show the 10th and 90th percentiles. For example, for fiscal year 2026, our simulation results for the CBSP account carryover balance found that the 10th percentile across the 10,000 simulations corresponded to a balance of -\$465 million, suggesting that the lowest 10 percent of the 10,000 simulation cases had balances of -\$465 million or less. The 50th percentile (median) was -\$180 million, suggesting that the lowest 50 percent of the 10,000 simulation cases had balances of -\$180 million or less, and the 90th percentile was \$106 million, suggesting that the lowest 90 percent of the 10,000 simulation cases had balances of \$106 million or less.

Table 13: Department of State’s Consular and Border Security Programs (CBSP) Account: Range of Projected Carryover Balance According to GAO Modeling for Scenario 1, Fiscal Years 2022–2026

Dollars in millions

| Statistic | Fiscal year | | | | |
|--------------------------|-------------|------|------|------|------|
| | 2022 | 2023 | 2024 | 2025 | 2026 |
| 10th percentile | 528 | 200 | 65 | 152 | 465 |
| 90th percentile | 723 | 465 | 470 | 348 | 106 |
| 50th percentile (median) | 625 | 332 | 268 | 101 | 180 |

Source: GAO analysis of State consular fee obligation and revenue data. | GAO-22-104424

Notes: Scenario 1 assumes a slow recovery of future revenues with State’s Bureau of Consular Affairs’ revenue not returning to pre-pandemic levels until fiscal year 2024. The simulations include revenue from the H and L fraud prevention and detection fee and the J-waiver fee, which are used narrowly to cover only certain expenses and are deposited into accounts other than the CBSP account. For more details on the assumptions governing our simulations, see GAO-22-104424, appendix I.

Table 14 shows the simulation results for our model of the overall CBSP account carryover balance under scenario 2, which assumes CA’s revenue recovers to pre-pandemic levels in fiscal year 2023, from fiscal years 2022 through 2026. The ranges depicted in table 13 show the 10th and 90th percentiles. For example, for fiscal year 2026, our simulation results for the CBSP account carryover balance found that the 10th percentile across the 10,000 simulations corresponded to a balance of -

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\$160 million, suggesting that the lowest 10 percent of the 10,000 simulation cases had balances of -\$160 million or less. The 50th percentile (median) was \$151 million, suggesting that the lowest 50 percent of the 10,000 simulation cases had balances of \$151 million or less, and the 90th percentile was \$465 million, suggesting that the lowest 90 percent of the 10,000 simulation cases had balances of \$465 million or less.

Table 14: Department of State’s Consular and Border Security Programs (CBSP) Account: Range of Projected Carryover Balance According to GAO Modeling for Scenario 2, Fiscal Years 2022–2026

Dollars in millions

| Statistic | Fiscal year | | | | |
|--------------------------|-------------|------|------|------|------|
| | 2022 | 2023 | 2024 | 2025 | 2026 |
| 10th percentile | 529 | 476 | 358 | 147 | 160 |
| 90th percentile | 725 | 854 | 849 | 715 | 465 |
| 50th percentile (median) | 627 | 664 | 599 | 427 | 151 |

Source: GAO analysis of State consular fee obligation and revenue data. | GAO-22-104424

Notes: Scenario 2 assumes State’s Bureau of Consular Affairs’ revenue returns to levels from before the COVID-19 pandemic in fiscal year 2023. The simulations include revenue from the H and L fraud prevention and detection fee and the J-waiver fee, which are used narrowly to cover only certain expenses and are deposited into accounts other than the CBSP account. For more details on the assumptions governing our simulations, see GAO-22-104424, appendix I.

Table 15 shows the simulation results for our model of the overall CBSP account carryover balance under scenario 3, which assumes CA’s revenue recovers to pre-pandemic levels in fiscal year 2022, from fiscal years 2022 through 2026. The ranges depicted in table 14 show the 10th and 90th percentiles. For example, for fiscal year 2026, our simulation results for the CBSP account carryover balance found that the 10th percentile across the 10,000 simulations corresponded to a balance of \$154 million, suggesting that the lowest 10 percent of the 10,000 simulation cases had balances of \$154 million or less. The 50th percentile (median) was \$496 million, suggesting that the lowest 50 percent of the 10,000 simulation cases had balances of \$496 million or less, and the 90th percentile was \$842 million, suggesting that the lowest 90 percent of the 10,000 simulation cases had balances of \$842 million or less.

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Table 15: Department of State’s Consular and Border Security Programs (CBSP) Account: Range of Projected Carryover Balance According to GAO Modeling for Scenario 3, Fiscal Years 2022–2026

Dollars in millions

| Statistic | Fiscal year | | | | |
|--------------------------|-------------|-------|-------|-------|------|
| | 2022 | 2023 | 2024 | 2025 | 2026 |
| 10th percentile | 792 | 770 | 668 | 454 | 154 |
| 90th percentile | 1,148 | 1,248 | 1,229 | 1,090 | 842 |
| 50th percentile (median) | 971 | 1,008 | 943 | 775 | 496 |

Source: GAO analysis of State consular fee obligation and revenue data. | GAO-22-104424

Notes: Scenario 3 assumes the status quo with State’s Bureau of Consular Affairs’ revenue returning to levels from before the COVID-19 pandemic in fiscal year 2022. The simulations include revenue from the H and L fraud prevention and detection fee and the J-waiver fee, which are used narrowly to cover only certain expenses and are deposited into accounts other than the CBSP account. For more details on the assumptions governing our simulations, see GAO-22-104424, appendix I.

Table 16 shows the simulation results for our model of the overall CBSP account carryover balance under scenario 4, which assumes an initial slow recovery, followed by a post-pandemic surge, and then a return to the status quo. The ranges depicted in table 15 show the 10th and 90th percentiles. For example, for fiscal year 2026, our simulation results for the CBSP account carryover balance found that the 10th percentile across the 10,000 simulations corresponded to a balance of \$114 million, suggesting that the lowest 10 percent of the 10,000 simulation cases had balances of \$114 million or less. The 50th percentile (median) was \$384 million, suggesting that the lowest 50 percent of the 10,000 simulation cases had balances of \$384 million or less, and the 90th percentile was \$656 million, suggesting that the lowest 90 percent of the 10,000 simulation cases had balances of \$656 million or less.

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Table 16: Department of State’s Consular and Border Security Programs (CBSP) Account: Range of Projected Carryover Balance According to GAO Modeling for Scenario 4, Fiscal Years 2022–2026

Dollars in millions

| Statistic | Fiscal year | | | | |
|--------------------------|-------------|------|-------|------|------|
| | 2022 | 2023 | 2024 | 2025 | 2026 |
| 10th percentile | 530 | 802 | 654 | 428 | 114 |
| 90th percentile | 725 | 996 | 1,022 | 895 | 656 |
| 50th percentile (median) | 626 | 899 | 837 | 664 | 384 |

Source: GAO analysis of State consular fee obligation and revenue data. | GAO-22-104424

Notes: Scenario 4 assumes an initial slow recovery, followed by a post-COVID-19 pandemic surge, and then a return to the status quo. Specifically, with this scenario we assume State’s Bureau of Consular Affairs’ revenue does not return to pre-pandemic levels in fiscal year 2022, has a post-pandemic surge in fiscal year 2023, and returns to pre-pandemic levels in fiscal year 2024. The simulations include revenue from the H and L fraud prevention and detection fee and the J-waiver fee, which are used narrowly to cover only certain expenses and are deposited into accounts other than the CBSP account. For more details on the assumptions governing our simulations, see appendix I.

Table 17 shows the simulation results for our model of the overall CBSP account carryover balance under scenario 5, which assumes CA’s revenue has a post-pandemic surge in fiscal year 2022 and returns to pre-pandemic levels in fiscal year 2023. The ranges depicted in table 16 show the 10th and 90th percentiles. For example, for fiscal year 2026, our simulation results for the CBSP account carryover balance found that the 10th percentile across the 10,000 simulations corresponded to a balance of \$443 million, suggesting that the lowest 10 percent of the 10,000 simulation cases had balances of \$443 million or less. The 50th percentile (median) was \$740 million, suggesting that the lowest 50 percent of the 10,000 simulation cases had balances of \$740 million or less, and the 90th percentile was \$1,049 million, suggesting that the lowest 90 percent of the 10,000 simulation cases had balances of \$1,049 million or less.

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Table 17: Department of State’s Consular and Border Security Programs (CBSP) Account: Range of Projected Carryover Balance According to GAO Modeling for Scenario 5, Fiscal Years 2022–2026

Dollars in millions

| Statistic | Fiscal year | | | | |
|--------------------------|-------------|-------|-------|-------|-------|
| | 2022 | 2023 | 2024 | 2025 | 2026 |
| 10th percentile | 1,197 | 1,081 | 958 | 753 | 443 |
| 90th percentile | 1,232 | 1,423 | 1,418 | 1,289 | 1,049 |
| 50th percentile (median) | 1,215 | 1,252 | 1,186 | 1,017 | 740 |

Source: GAO analysis of State consular fee obligation and revenue data. | GAO-22-104424

Notes: Scenario 5 assumes State’s Bureau of Consular Affairs’ revenue has a post-COVID-19 pandemic surge in fiscal year 2022 and returns to pre-pandemic levels in fiscal year 2023. The simulations include revenue from the H and L fraud prevention and detection fee and the J-waiver fee, which are used narrowly to cover only certain expenses and are deposited into accounts other than the CBSP account. For more details on the assumptions governing our simulations, see GAO-22-104424, appendix I.

Further Details on Simulation Results for Difference between Projected Revenue and Costs for CBSP Account’s Fee-Specific Subaccounts

Table 18 shows the simulation results for our model of the projected revenues for the expedited passport fee across all five modelled scenarios from fiscal years 2022 through 2026. Because State has historically made no obligations against expedited passport fee revenue for consular services, we model only the projected revenues. The ranges depicted in table 18 show the 10th and 90th percentiles. For example, for fiscal year 2026, our simulation results for the projected revenues for expedited passport fee under scenario 1, which assumes CA’s revenue does not recover to pre-pandemic levels until fiscal year 2024, found that the 10th percentile across the 10,000 simulations corresponded to revenues of \$196 million, suggesting that the lowest 10 percent of the 10,000 simulation cases had revenues of \$196 million or less. The 50th percentile (median) was \$225 million, suggesting that the lowest 50 percent of the 10,000 simulation cases had revenues of \$225 million or less, and the 90th percentile was \$254 million, suggesting that the lowest 90 percent of the 10,000 simulation cases had revenues of \$254 million or less.

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Table 18: Department of State’s Expedited Passport Fee: Range of Projected Revenue According to GAO Modeling, Fiscal Years 2022–2026

Dollars in millions

| | Statistic | Fiscal year | | | | |
|------------|--------------------------|-------------|------|------|------|------|
| | | 2022 | 2023 | 2024 | 2025 | 2026 |
| Scenario 1 | 10th percentile | 171 | 170 | 196 | 197 | 196 |
| | 90th percentile | 187 | 187 | 254 | 254 | 254 |
| | 50th percentile (median) | 179 | 179 | 225 | 225 | 225 |
| Scenario 2 | 10th percentile | 170 | 196 | 196 | 197 | 196 |
| | 90th percentile | 187 | 254 | 254 | 254 | 254 |
| | 50th percentile (median) | 179 | 225 | 225 | 226 | 225 |
| Scenario 3 | 10th percentile | 196 | 197 | 197 | 196 | 197 |
| | 90th percentile | 254 | 254 | 254 | 254 | 254 |
| | 50th percentile (median) | 225 | 225 | 225 | 225 | 226 |
| Scenario 4 | 10th percentile | 170 | 263 | 196 | 196 | 196 |
| | 90th percentile | 187 | 276 | 255 | 254 | 254 |
| | 50th percentile (median) | 179 | 270 | 226 | 225 | 225 |
| Scenario 5 | 10th percentile | 263 | 196 | 196 | 196 | 196 |
| | 90th percentile | 276 | 254 | 254 | 254 | 254 |
| | 50th percentile (median) | 270 | 225 | 224 | 226 | 225 |

Source: GAO analysis of State consular fee revenue data. | GAO-22-104424

Notes: Scenario 1 assumes a slow recovery of future revenues with State’s Bureau of Consular Affairs’ (CA) revenue not returning to levels from before the COVID-19 pandemic until fiscal year 2024.

Scenario 2 assumes CA’s revenue returns to pre-pandemic levels in fiscal year 2023.

Scenario 3 assumes the status quo with CA’s revenue returning to pre-pandemic levels in fiscal year 2022.

Scenario 4 assumes an initial slow recovery, followed by a post-pandemic surge, and then a return to the status quo. Specifically, with this scenario we assume CA’s revenue does not return to pre-pandemic levels in fiscal year 2022, has a post- pandemic surge in fiscal year 2023, and returns to pre-pandemic levels in fiscal year 2024.

Scenario 5 assumes CA’s revenue has a post-pandemic surge in fiscal year 2022 and returns to pre-pandemic levels in fiscal year 2023.

According to State officials, fee revenue may not return to pre-pandemic levels for quite a while. Across our scenarios, scenarios 1 and 2 are the most pessimistic.

For more details on the assumptions governing our simulations, see GAO-22-104424, appendix I.

Table 19 shows the simulation results for our model of the difference between projected revenue retained each year, without a carryover balance, and projected yearly costs based on historical obligations for the machine readable visa (MRV) fee subaccount across all five modelled scenarios from fiscal years 2022 through 2026. The ranges depicted in table 19 show the 10th and 90th percentiles. For example, for fiscal year

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2026, our simulation results for the difference between projected revenue and costs for the MRV fee subaccount under scenario 1, which assumes CA's revenue does not recover to pre-pandemic levels until fiscal year 2024, found that the 10th percentile across the 10,000 simulations corresponded to a difference of -\$329 million, suggesting that the lowest 10 percent of the 10,000 simulation cases had differences of -\$329 million or less. The 50th percentile (median) was -\$313 million, suggesting that the lowest 50 percent of the 10,000 simulation cases had differences of -\$313 million or less, and the 90th percentile was -\$298 million, suggesting that the lowest 90 percent of the 10,000 simulation cases had differences of -\$298 million or less.

Table 19: Department of State's Machine Readable Visa Fee Subaccount: Range of Difference between Projected Revenue and Costs According to GAO Modeling, Fiscal Years 2022–2026

Dollars in millions

| | Statistic | Fiscal year | | | | |
|------------|--------------------------|-------------|------|------|------|------|
| | | 2022 | 2023 | 2024 | 2025 | 2026 |
| Scenario 1 | 10th percentile | 217 | 255 | 215 | 272 | 329 |
| | 90th percentile | 128 | 179 | 163 | 229 | 298 |
| | 50th percentile (median) | 172 | 217 | 189 | 251 | 313 |
| Scenario 2 | 10th percentile | 217 | 161 | 215 | 271 | 329 |
| | 90th percentile | 129 | 98 | 162 | 229 | 298 |
| | 50th percentile (median) | 173 | 130 | 189 | 250 | 314 |
| Scenario 3 | 10th percentile | 108 | 161 | 215 | 271 | 329 |
| | 90th percentile | 34 | 98 | 162 | 229 | 298 |
| | 50th percentile (median) | 71 | 129 | 189 | 250 | 314 |
| Scenario 4 | 10th percentile | 217 | 89 | 216 | 271 | 329 |
| | 90th percentile | 128 | 82 | 163 | 229 | 298 |
| | 50th percentile (median) | 172 | 85 | 189 | 250 | 314 |
| Scenario 5 | 10th percentile | 24 | 161 | 216 | 272 | 329 |
| | 90th percentile | 16 | 98 | 163 | 229 | 298 |
| | 50th percentile (median) | 20 | 129 | 189 | 250 | 314 |

Source: GAO analysis of State consular fee obligation and revenue data. | GAO-22-104424

Notes: Scenario 1 assumes a slow recovery of future revenues with State's Bureau of Consular Affairs' (CA) revenue not returning to levels from before the COVID-19 pandemic until fiscal year 2024.

Scenario 2 assumes CA's revenue returns to pre-pandemic levels in fiscal year 2023.

Scenario 3 assumes the status quo with CA's revenue returning to pre-pandemic levels in fiscal year 2022.

Scenario 4 assumes an initial slow recovery, followed by a post-pandemic surge, and then a return to the status quo. Specifically, with this scenario we assume CA's revenue does not return to pre-

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pandemic levels in fiscal year 2022, has a post-pandemic surge in fiscal year 2023, and returns to pre-pandemic levels in fiscal year 2024.

Scenario 5 assumes CA's revenue has a post-pandemic surge in fiscal year 2022 and returns to pre-pandemic levels in fiscal year 2023.

According to State officials, fee revenue may not return to pre-pandemic levels for quite a while. Across our scenarios, scenarios 1 and 2 are the most pessimistic.

For more details on the assumptions governing our simulations, see GAO-22-104424, appendix I.

Table 20 shows the simulation results for our model of the difference between projected revenue retained each year, without a carryover balance, and projected yearly costs based on historical obligations for the PSS subaccount across all five modelled scenarios from fiscal years 2022 through 2026. The ranges depicted in table 20 show the 10th and 90th percentiles. For example, for fiscal year 2026, our simulation results for the difference between projected revenue and costs for the PSS subaccount under scenario 1, which assumes CA's revenue does not recover to pre-pandemic levels until fiscal year 2024, found that the 10th percentile across the 10,000 simulations corresponded to a difference of -\$201 million, suggesting that the lowest 10 percent of the 10,000 simulation cases had differences of -\$201 million or less. The 50th percentile (median) was -\$146 million, suggesting that the lowest 50 percent of the 10,000 simulation cases had differences of -\$146 million or less, and the 90th percentile was -\$93 million, suggesting that the lowest 90 percent of the 10,000 simulation cases had differences of -\$93 million or less.

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Table 20: Department of State’s Passport Security Surcharge Subaccount: Range of Difference between Projected Revenue and Costs According to GAO Modeling, Fiscal Years 2022–2026

Dollars in millions

| | Statistic | Fiscal year | | | | |
|------------|--------------------------|-------------|------|------|------|------|
| | | 2022 | 2023 | 2024 | 2025 | 2026 |
| Scenario 1 | 10th percentile | 154 | 173 | 154 | 177 | 201 |
| | 90th percentile | 132 | 152 | 30 | 61 | 93 |
| | 50th percentile (median) | 143 | 163 | 93 | 120 | 146 |
| Scenario 2 | 10th percentile | 155 | 133 | 155 | 177 | 201 |
| | 90th percentile | 132 | 1 | 28 | 60 | 93 |
| | 50th percentile (median) | 143 | 65 | 91 | 118 | 147 |
| Scenario 3 | 10th percentile | 111 | 133 | 155 | 178 | 201 |
| | 90th percentile | 30 | 0 | 29 | 61 | 93 |
| | 50th percentile (median) | 41 | 65 | 92 | 119 | 147 |
| Scenario 4 | 10th percentile | 154 | 19 | 155 | 177 | 200 |
| | 90th percentile | 132 | 35 | 30 | 61 | 94 |
| | 50th percentile (median) | 143 | 27 | 93 | 118 | 147 |
| Scenario 5 | 10th percentile | 50 | 133 | 154 | 178 | 201 |
| | 90th percentile | 66 | 2 | 29 | 60 | 92 |
| | 50th percentile (median) | 58 | 66 | 92 | 119 | 147 |

Source: GAO analysis of State consular fee obligation and revenue data. | GAO-22-104424

Notes: Scenario 1 assumes a slow recovery of future revenues with State’s Bureau of Consular Affairs’ (CA) revenue not returning to levels from before the COVID-19 pandemic until fiscal year 2024.

Scenario 2 assumes CA’s revenue returns to pre-pandemic levels in fiscal year 2023.

Scenario 3 assumes the status quo with CA’s revenue returning to pre-pandemic levels in fiscal year 2022.

Scenario 4 assumes an initial slow recovery, followed by a post-pandemic surge, and then a return to the status quo. Specifically, with this scenario we assume CA’s revenue does not return to pre-pandemic levels in fiscal year 2022, has a post-pandemic surge in fiscal year 2023, and returns to pre-pandemic levels in fiscal year 2024.

Scenario 5 assumes CA’s revenue has a post-pandemic surge in fiscal year 2022 and returns to pre-pandemic levels in fiscal year 2023.

According to State officials, fee revenue may not return to pre-pandemic levels for quite a while. Across our scenarios, scenarios 1 and 2 are the most pessimistic.

For more details on the assumptions governing our simulations, see GAO-22-104424, appendix I.

Table 21 shows the simulation results for our model of the difference between projected revenue retained each year, without a carryover balance, and projected yearly costs based on historical obligations for the Western Hemisphere Travel Initiative (WHTI) surcharge subaccount across all five modelled scenarios from fiscal years 2022 through 2026. The ranges depicted in table 21 show the 10th and 90th percentiles. For

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example, for fiscal year 2026, our simulation results for the difference between projected revenue and costs for the WHTI surcharge subaccount under scenario 1, which assumes CA’s revenue does not recover to pre-pandemic levels until fiscal year 2024, found that the 10th percentile across the 10,000 simulations corresponded to a difference of -\$55 million, suggesting that the lowest 10 percent of the 10,000 simulation cases had differences of -\$55 million or less. The 50th percentile (median) was -\$20 million, suggesting that the lowest 50 percent of the 10,000 simulation cases had differences of -\$20 million or less, and the 90th percentile was \$16 million, suggesting that the lowest 90 percent of the 10,000 simulation cases had differences of \$16 million or less.

Table 21: Department of State’s Western Hemisphere Travel Initiative Surcharge Subaccount: Range of Difference between Projected Revenue and Costs According to GAO Modeling, Fiscal Years 2022–2026

Dollars in millions

| | Statistic | Fiscal year | | | | |
|------------|--------------------------|-------------|------|------|------|------|
| | | 2022 | 2023 | 2024 | 2025 | 2026 |
| Scenario 1 | 10th percentile | 37 | 47 | 33 | 44 | 55 |
| | 90th percentile | 23 | 33 | 40 | 28 | 16 |
| | 50th percentile (median) | 30 | 40 | 3 | 8 | 20 |
| Scenario 2 | 10th percentile | 37 | 23 | 33 | 44 | 55 |
| | 90th percentile | 24 | 52 | 40 | 28 | 16 |
| | 50th percentile (median) | 30 | 14 | 3 | 8 | 20 |
| Scenario 3 | 10th percentile | 12 | 23 | 33 | 44 | 55 |
| | 90th percentile | 62 | 52 | 40 | 28 | 16 |
| | 50th percentile (median) | 26 | 14 | 4 | 7 | 19 |
| Scenario 4 | 10th percentile | 37 | 63 | 33 | 44 | 55 |
| | 90th percentile | 23 | 78 | 40 | 28 | 17 |
| | 50th percentile (median) | 30 | 70 | 4 | 8 | 19 |
| Scenario 5 | 10th percentile | 74 | 23 | 33 | 44 | 55 |
| | 90th percentile | 89 | 52 | 40 | 28 | 16 |
| | 50th percentile (median) | 81 | 14 | 4 | 9 | 20 |

Source: GAO analysis of State consular fee obligation and revenue data. | GAO-22-104424

Notes: Scenario 1 assumes a slow recovery of future revenues with State’s Bureau of Consular Affairs’ (CA) revenue not returning to levels from before the COVID-19 pandemic until fiscal year 2024.

Scenario 2 assumes CA’s revenue returns to pre-pandemic levels in fiscal year 2023.

Scenario 3 assumes the status quo with CA’s revenue returning to pre-pandemic levels in fiscal year 2022.

Scenario 4 assumes an initial slow recovery, followed by a post-pandemic surge, and then a return to the status quo. Specifically, with this scenario we assume CA’s revenue does not return to pre-

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pandemic levels in fiscal year 2022, has a post-pandemic surge in fiscal year 2023, and returns to pre-pandemic levels in fiscal year 2024.

Scenario 5 assumes CA's revenue has a post-pandemic surge in fiscal year 2022 and returns to pre-pandemic levels in fiscal year 2023.

According to State officials, fee revenue may not return to pre-pandemic levels for quite a while. Across our scenarios, scenarios 1 and 2 are the most pessimistic.

For more details on the assumptions governing our simulations, see GAO-22-104424, appendix I.

Table 22 shows the simulation results for our model of the difference between projected revenue retained each year, without a carryover balance, and projected yearly costs based on historical obligations for the fees from all other subaccounts across all five modelled scenarios from fiscal years 2022 through 2026.⁵ The ranges depicted in table 22 show the 10th and 90th percentiles. For example, for fiscal year 2026, our simulation results for the difference between projected revenue and costs for the fees from all other subaccounts under scenario 1, which assumes CA's revenue does not recover to pre-pandemic levels until fiscal year 2024, found that the 10th percentile across the 10,000 simulations corresponded to a difference of -\$32 million, suggesting that the lowest 10 percent of the 10,000 simulation cases had differences of -\$32 million or less. The 50th percentile (median) was -\$23 million, suggesting that the lowest 50 percent of the 10,000 simulation cases had differences of -\$23 million or less, and the 90th percentile was -\$14 million, suggesting that the lowest 90 percent of the 10,000 simulation cases had differences of -\$14 million or less.

⁵"All other subaccounts" includes the immigrant visa security surcharge, diversity visa lottery fee, H and L fraud prevention and detection fee, affidavit of support fee, and J-waiver fee subaccounts. The H and L fraud prevention and detection fee and the J-waiver fee are used narrowly to cover only certain expenses, and are deposited into accounts other than the CBSP account.

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Table 22: Department of State’s Fees from All Other Subaccounts: Range of Difference between Projected Revenue and Costs According to GAO Modeling, Fiscal Years 2022–2026

Dollars in millions

| | Statistic | Fiscal year | | | | |
|------------|--------------------------|-------------|------|------|------|------|
| | | 2022 | 2023 | 2024 | 2025 | 2026 |
| Scenario 1 | 10th percentile | 8 | 3 | 19 | 25 | 32 |
| | 90th percentile | 19 | 16 | 4 | 9 | 14 |
| | 50th percentile (median) | 13 | 10 | 12 | 17 | 23 |
| Scenario 2 | 10th percentile | 8 | 13 | 19 | 25 | 32 |
| | 90th percentile | 19 | 0 | 4 | 9 | 14 |
| | 50th percentile (median) | 14 | 6 | 12 | 17 | 23 |
| Scenario 3 | 10th percentile | 8 | 13 | 19 | 25 | 32 |
| | 90th percentile | 5 | 0 | 5 | 9 | 14 |
| | 50th percentile (median) | 1 | 7 | 12 | 17 | 23 |
| Scenario 4 | 10th percentile | 8 | 21 | 19 | 25 | 32 |
| | 90th percentile | 19 | 16 | 4 | 9 | 14 |
| | 50th percentile (median) | 14 | 18 | 12 | 17 | 23 |
| Scenario 5 | 10th percentile | 14 | 13 | 19 | 25 | 32 |
| | 90th percentile | 10 | 0 | 5 | 9 | 14 |
| | 50th percentile (median) | 12 | 7 | 12 | 17 | 23 |

Source: GAO analysis of State consular fee obligation and revenue data. | GAO-22-104424

Notes: Scenario 1 assumes a slow recovery of future revenues with State’s Bureau of Consular Affairs’ (CA) revenue not returning to levels from before the COVID-19 pandemic until fiscal year 2024.

Scenario 2 assumes CA’s revenue returns to pre-pandemic levels in fiscal year 2023.

Scenario 3 assumes the status quo with CA’s revenue returning to pre-pandemic levels in fiscal year 2022.

Scenario 4 assumes an initial slow recovery, followed by a post-pandemic surge, and then a return to the status quo. Specifically, with this scenario we assume CA’s revenue does not return to pre-pandemic levels in fiscal year 2022, has a post-pandemic surge in fiscal year 2023, and returns to pre-pandemic levels in fiscal year 2024.

Scenario 5 assumes CA’s revenue has a post-pandemic surge in fiscal year 2022 and returns to pre-pandemic levels in fiscal year 2023.

According to State officials, fee revenue may not return to pre-pandemic levels for quite a while. Across our scenarios, scenarios 1 and 2 are the most pessimistic.

“All other subaccounts” include the immigrant visa security surcharge, diversity visa lottery fee, H and L fraud prevention and detection fee, affidavit of support fee, and J-waiver fee subaccounts. The H and L fraud prevention and detection fee and the J-waiver fee are used narrowly to cover only certain expenses and are deposited into accounts other than the Consular and Border Security Program account.

For more details on the assumptions governing our simulations, see GAO-22-104424, appendix I.

Additional Simulation Results Based on Varying Rates of Transfers to the General Fund

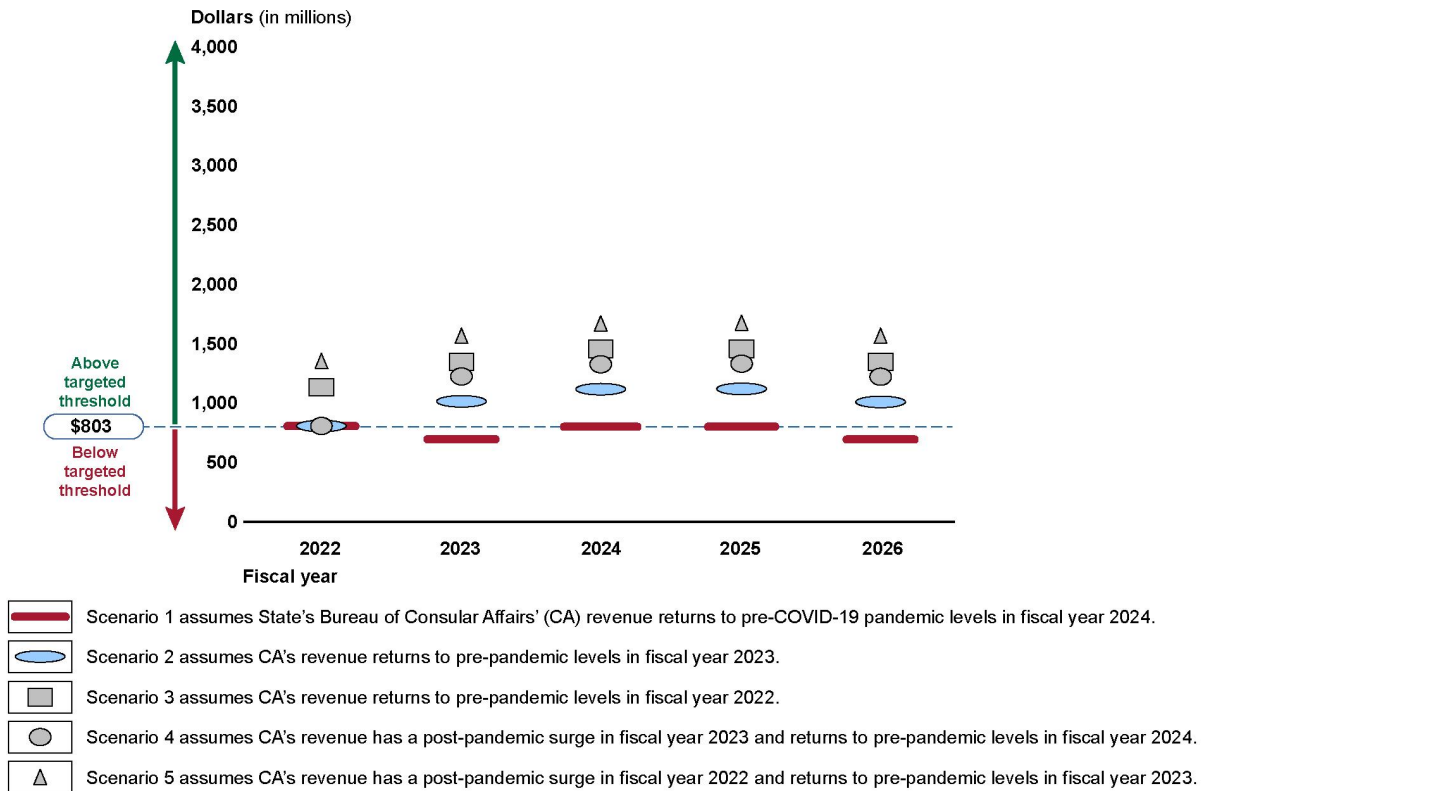
We also present results showing the median value and ranges across additional simulations we conducted for the CBSP account carryover balance with varying rates of transfers to the General Fund. Over fiscal years 2013 through 2019, CBSP has transferred on average 16 percent of its collections to the General Fund. We conducted simulations under the hypothetical situations where CBSP would transfer a smaller percentage of its collections, specifically 12 percent, 8 percent, and 4 percent.⁶ Figure 15 shows the median of the projected CBSP account carryover balance across our simulations with the expedited passport fee revenue from fiscal years 2022 through 2026 assuming that transfers to the General Fund are 12 percent of collections.⁷

⁶In fiscal years 2020, 2021, and 2022, there were changes to the fee amounts for the minor border crossing card, domestic authentications, and the Passport Security Surcharge, respectively. These recent fees are only partially reflected in the historical collection data on which our model is based. As a result, our model does not fully account for these changes in future collections. Additionally, our model does not reflect the new authority signed into law on March 15, 2022 as part of the Consolidated Appropriations Act, 2022, which provides that, beginning October 1, 2021, and for each fiscal year thereafter, passport application and execution fees shall be deposited in the CBSP account. Pub. L. No. 117-103, § 7069(e). According to the act's joint explanatory statement, this authority shifts passport application and execution fees currently deposited in the General Fund to State to support consular operations. 168 Cong. Rec. H3010 (Mar. 9, 2022). Historically, State transferred 16 percent of its collections on average annually to the General Fund. Of these transfers, passport application fees accounted for roughly three-quarters of transfers to the General Fund on average annually, with other fees accounting for approximately one-quarter of the transfers. Given this new authority to retain the passport application fee, State may instead transfer approximately 4 percent on average annually to the General Fund, a quarter of what it used to transfer on annual average. For more information, see our simulation for hypothetical situations where 4 percent of collections are transferred to the General Fund for what could be an approximation of this potential scenario.

⁷The carryover balance we present includes the balance from fees that State historically used broadly (such as the MRV fee, which State used to cover the cost of providing consular services generally), as well as those fees that State used for narrower purposes (such as the PSS, which State used only to cover the cost of enhanced border security-related consular services) because of differences in their expenditure authorities. Our simulation results present the total carryover balance, without consideration of the purposes for which those amounts may be used. Recent acts of Congress provided State with temporary expenditure flexibilities for some of these narrower fee authorities during the pandemic. These temporary flexibilities in State's consular fee expenditure authorities will end, however, causing these authorities to return to their prior statutory language and expenditure authority, unless additional temporary or permanent statutory changes are made.

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Figure 15: Department of State’s Consular and Border Security Program (CBSP) Account: Carryover Balance Median Values According to GAO Modeling with Transfers to the General Fund of 12 Percent, Fiscal Years 2022–2026



Source: GAO analysis of State data. | GAO-22-104424

Accessible Data Table for Figure 15

| | Dollars in millions | | | | |
|------------|---------------------|----------|----------|----------|----------|
| | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 |
| Scenario 1 | 807.13 | 695.18 | 802.31 | 799.17 | 695.59 |
| Scenario 2 | 807.87 | 1,018.17 | 1,119.42 | 1,120.99 | 1,011.66 |
| Scenario 3 | 1,139.02 | 1,346.56 | 1,454.00 | 1,454.48 | 1,347.75 |
| Scenario 4 | 807.69 | 1,222.37 | 1,329.47 | 1,330.66 | 1,222.88 |
| Scenario 5 | 1,356.38 | 1,564.74 | 1,670.11 | 1,674.22 | 1,565.50 |

Notes: The General Fund is a reference to the General Fund of the U.S. Government, which is managed by the Department of the Treasury. State is required by law to deposit certain consular fee collections into the General Fund. In this report, we refer to the consular fees collected but not retained by State as “transfers to the General Fund.” We rely on historical data from State’s Bureau of Consular Affairs covering the period of fiscal years 2013 through 2020. We consider 25 percent of the average historical obligations because according to State officials, CA’s official target is to maintain a minimum 25 percent carryover balance by retained fee each year. Over fiscal years 2013 through 2020, obligations against the CBSP account averaged \$3.21 billion. We used CA’s target, calculating 25 percent of average historical obligations against the CBSP account as a whole. We present this as the benchmark value of \$803 million and use this calculation to determine the likelihood of State

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meeting the targeted threshold. In its fiscal year 2022 Congressional Budget Justification, State estimates the fiscal year 2022 fee revenue to remain depressed at \$2.8 billion, an amount that corresponds to our pessimistic revenue outlook. Across our scenarios, scenarios 1 and 2 are the most pessimistic.

The simulations include revenue from the H and L fraud prevention and detection fee and the J-waiver fee, which are used narrowly to cover only certain expenses and are deposited into accounts other than the CBSP account.

The median, or 50th percentile, refers to the middle value when the values are arranged in order of size.

For more details on the assumptions governing our simulations, see GAO-22-104424, appendix I.

Table 23 shows the simulation results for the projected CBSP account carryover balance with the expedited passport fee revenue from fiscal years 2022 through 2026 assuming that transfers to the General Fund are 12 percent of collections.

Table 23: Department of State’s Consular and Border Security Program (CBSP) Account: Range of Projected Carryover Balance According to GAO Modeling with Transfers to the General Fund of 12 Percent, Fiscal Years 2022–2026

Dollars in millions

| | Statistic | Fiscal year | | | | |
|------------|--------------------------|-------------|-------|-------|-------|-------|
| | | 2022 | 2023 | 2024 | 2025 | 2026 |
| Scenario 1 | 10th percentile | 704 | 556 | 603 | 564 | 424 |
| | 90th percentile | 911 | 835 | 999 | 1,045 | 965 |
| | 50th percentile (median) | 807 | 695 | 802 | 799 | 696 |
| Scenario 2 | 10th percentile | 705 | 836 | 894 | 858 | 723 |
| | 90th percentile | 910 | 1,199 | 1,351 | 1,388 | 1,307 |
| | 50th percentile (median) | 808 | 1,018 | 1,119 | 1,121 | 1,012 |
| Scenario 3 | 10th percentile | 976 | 1,123 | 1,194 | 1,166 | 1,029 |
| | 90th percentile | 1,305 | 1,568 | 1,710 | 1,739 | 1,660 |
| | 50th percentile (median) | 1,139 | 1,347 | 1,454 | 1,454 | 1,348 |
| Scenario 4 | 10th percentile | 705 | 1,119 | 1,151 | 1,107 | 963 |
| | 90th percentile | 911 | 1,325 | 1,505 | 1,552 | 1,475 |
| | 50th percentile (median) | 808 | 1,222 | 1,329 | 1,331 | 1,223 |
| Scenario 5 | 10th percentile | 1,348 | 1,410 | 1,462 | 1,429 | 1,284 |
| | 90th percentile | 1,365 | 1,721 | 1,883 | 1,918 | 1,841 |
| | 50th percentile (median) | 1,356 | 1,565 | 1,670 | 1,674 | 1,565 |

Source: GAO analysis of State consular fee revenue and obligation data. | GAO-22-104424

Notes: The General Fund is a reference to the General Fund of the U.S. Government, which is managed by the Department of the Treasury. State is required by law to deposit certain consular fee collections into the General Fund. In this report, we refer to the consular fees collected but not retained by State as “transfers to the General Fund.”

Scenario 1 assumes a slow recovery of future revenues with State’s Bureau of Consular Affairs’ (CA) revenue not returning to levels from before the COVID-19 pandemic until fiscal year 2024.

Scenario 2 assumes CA’s revenue returns to pre-pandemic levels in fiscal year 2023.

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Scenario 3 assumes the status quo with CA's revenue returning to pre-pandemic levels in fiscal year 2022.

Scenario 4 assumes an initial slow recovery, followed by a post-pandemic surge, and then a return to the status quo. Specifically, with this scenario we assume CA's revenue does not return to pre-pandemic levels in fiscal year 2022, has a post-pandemic surge in fiscal year 2023, and returns to pre-pandemic levels in fiscal year 2024.

Scenario 5 assumes CA's revenue has a post-pandemic surge in fiscal year 2022 and returns to pre-pandemic levels in fiscal year 2023.

In its fiscal year 2022 Congressional Budget Justification, State estimates the fiscal year 2022 fee revenue to remain depressed at \$2.8 billion, an amount that corresponds to our pessimistic revenue outlook. Across our scenarios, scenarios 1 and 2 are the most pessimistic.

The simulations include revenue from the H and L fraud prevention and detection fee and the J-waiver fee, which are used narrowly to cover only certain expenses and are deposited into accounts other than the CBSP account.

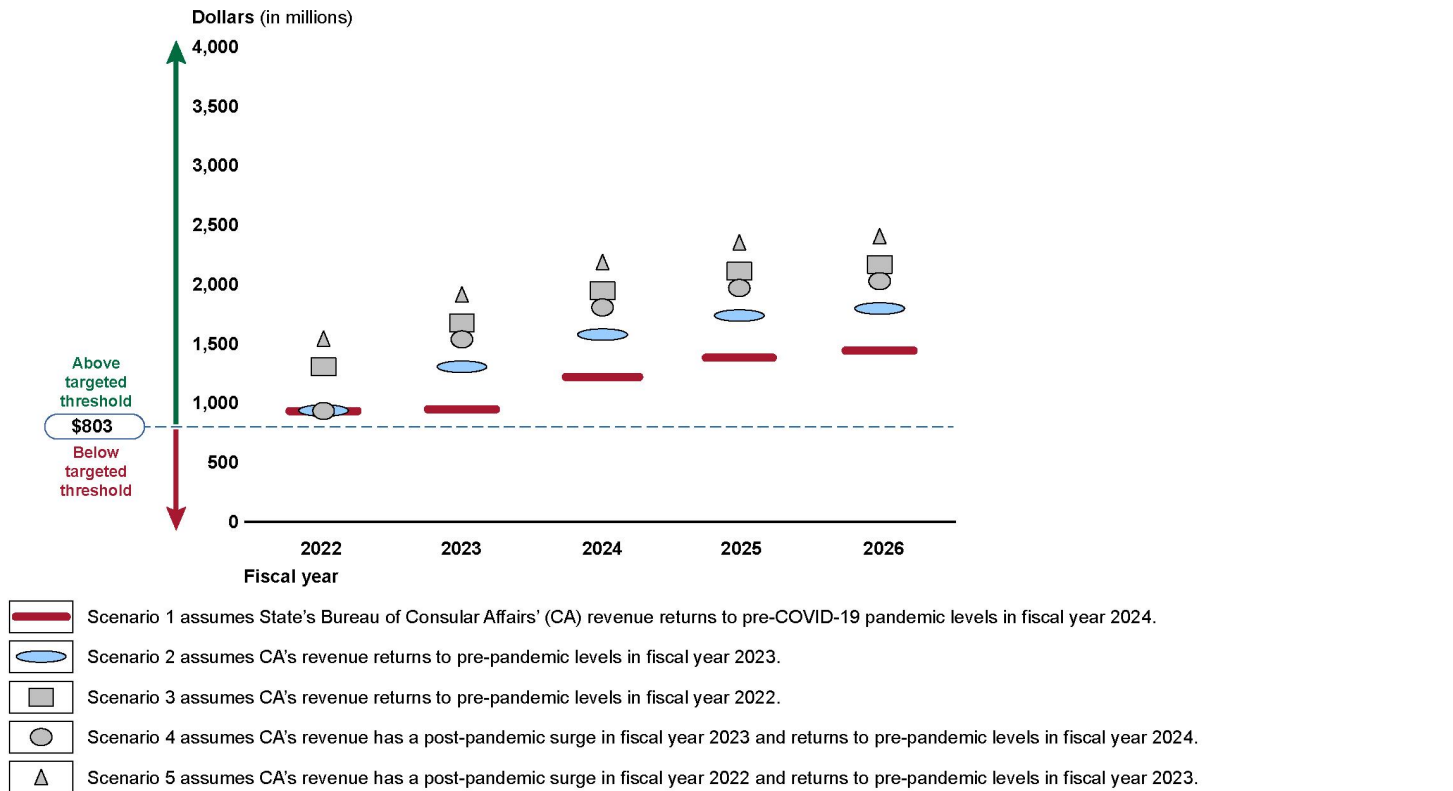
For more details on the assumptions governing our simulations, see GAO-22-104424, appendix I.

Figure 16 shows the median of the projected CBSP account carryover balance across our simulations with the expedited passport fee revenue from fiscal years 2022 through 2026 assuming that transfers to the General Fund are 8 percent of collections.⁸

⁸The carryover balance we present includes the balance from fees that State historically used broadly (such as the MRV fee, which State used to cover the cost of providing consular services generally), as well as those fees that State used for narrower purposes (such as the PSS, which State used only to cover the cost of enhanced border security-related consular services) because of differences in their expenditure authorities. Our simulation results present the total carryover balance, without consideration of the purposes for which those amounts may be used. Recent acts of Congress provided State with temporary expenditure flexibilities for some of these narrower fee authorities during the pandemic. These temporary flexibilities in State's consular fee expenditure authorities will end, however, causing these authorities to return to their prior statutory language and expenditure authority, unless additional temporary or permanent statutory changes are made.

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Figure 16: Department of State’s Consular and Border Security Program (CBSP) Account: Carryover Balance Median Values According to GAO Modeling with Transfers to the General Fund of 8 Percent, Fiscal Years 2022–2026



Source: GAO analysis of State data. | GAO-22-104424

Accessible Data Table for Figure 16

| | Dollars in millions | | | | |
|------------|---------------------|----------|----------|----------|----------|
| | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 |
| Scenario 1 | 933.34 | 949.46 | 1,220.56 | 1,382.84 | 1,441.75 |
| Scenario 2 | 937.02 | 1,305.94 | 1,576.73 | 1,737.97 | 1,797.22 |
| Scenario 3 | 1,306.45 | 1,674.50 | 1,946.60 | 2,112.82 | 2,166.66 |
| Scenario 4 | 934.14 | 1,536.05 | 1,806.48 | 1,969.57 | 2,025.17 |
| Scenario 5 | 1,544.31 | 1,916.13 | 2,189.13 | 2,353.82 | 2,406.56 |

Notes: The General Fund is a reference to the General Fund of the U.S. Government, which is managed by the Department of the Treasury. State is required by law to deposit certain consular fee collections into the General Fund. In this report, we refer to the consular fees collected but not retained by State as “transfers to the General Fund.”

We rely on historical data from CA covering the period of fiscal years 2013 through 2020. We consider 25 percent of the average historical obligations because according to State officials, CA’s official target is to maintain a minimum 25 percent carryover balance by retained fee each year. Over fiscal years 2013 through 2020, obligations against the CBSP account averaged \$3.21 billion. We used CA’s target, calculating 25 percent of average historical obligations against the CBSP account

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as a whole. We present this as the benchmark value of \$803 million and use this calculation to determine the likelihood of State meeting the targeted threshold.

In its fiscal year 2022 Congressional Budget Justification, State estimates the fiscal year 2022 fee revenue to remain depressed at \$2.8 billion, an amount that corresponds to our pessimistic revenue outlook. Across our scenarios, scenarios 1 and 2 are the most pessimistic.

The simulations include revenue from the H and L fraud prevention and detection fee and the J-waiver fee, which are used narrowly to cover only certain expenses and are deposited into accounts other than the CBSP account.

The median, or 50th percentile, refers to the middle value when the values are arranged in order of size.

For more details on the assumptions governing our simulations, see GAO-22-104424, appendix I.

Table 24 shows the simulation results for the projected CBSP account carryover balance with the expedited passport fee revenue from fiscal years 2022 through 2026 assuming that transfers to the General Fund are 8 percent of collections.

Table 24: Department of State’s Consular and Border Security Program (CBSP) Account: Range of Projected Carryover Balance According to GAO Modeling with Transfers to the General Fund of 8 Percent, Fiscal Years 2022–2026

Dollars in millions

| | Statistic | Fiscal year | | | | |
|------------|--------------------------|-------------|-------|-------|-------|-------|
| | | 2022 | 2023 | 2024 | 2025 | 2026 |
| Scenario 1 | 10th percentile | 821 | 796 | 1,002 | 1,119 | 1,141 |
| | 90th percentile | 1,049 | 1,106 | 1,442 | 1,657 | 1,748 |
| | 50th percentile (median) | 933 | 949 | 1,221 | 1,383 | 1,442 |
| Scenario 2 | 10th percentile | 821 | 1,105 | 1,320 | 1,447 | 1,471 |
| | 90th percentile | 1,050 | 1,512 | 1,829 | 2,030 | 2,118 |
| | 50th percentile (median) | 937 | 1,306 | 1,577 | 1,738 | 1,797 |
| Scenario 3 | 10th percentile | 1,124 | 1,435 | 1,665 | 1,792 | 1,819 |
| | 90th percentile | 1,487 | 1,924 | 2,237 | 2,436 | 2,517 |
| | 50th percentile (median) | 1,306 | 1,674 | 1,947 | 2,113 | 2,167 |
| Scenario 4 | 10th percentile | 822 | 1,424 | 1,606 | 1,724 | 1,745 |
| | 90th percentile | 1,050 | 1,652 | 2,006 | 2,221 | 2,315 |
| | 50th percentile (median) | 934 | 1,536 | 1,806 | 1,970 | 2,025 |
| Scenario 5 | 10th percentile | 1,535 | 1,742 | 1,948 | 2,075 | 2,103 |
| | 90th percentile | 1,554 | 2,091 | 2,422 | 2,633 | 2,718 |
| | 50th percentile (median) | 1,544 | 1,916 | 2,189 | 2,354 | 2,407 |

Source: GAO analysis of State’s consular fee revenue and obligation data. | GAO-22-104424

Notes: The General Fund is a reference to the General Fund of the U.S. Government, which is managed by the Department of the Treasury. State is required by law to deposit certain consular fee collections into the General Fund. In this report, we refer to the consular fees collected but not retained by State as “transfers to the General Fund.”

Scenario 1 assumes a slow recovery of future revenues with State’s Bureau of Consular Affairs’ (CA) revenue not returning to levels from before the COVID-19 pandemic until fiscal year 2024.

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Scenario 2 assumes CA's revenue returns to pre-pandemic levels in fiscal year 2023.

Scenario 3 assumes the status quo with CA's revenue returning to pre-pandemic levels in fiscal year 2022.

Scenario 4 assumes an initial slow recovery, followed by a post-pandemic surge, and then a return to the status quo. Specifically, with this scenario we assume CA's revenue does not return to pre-pandemic levels in fiscal year 2022, has a post-pandemic surge in fiscal year 2023, and returns to pre-pandemic levels in fiscal year 2024.

Scenario 5 assumes CA's revenue has a post-pandemic surge in fiscal year 2022 and returns to pre-pandemic levels in fiscal year 2023.

In its fiscal year 2022 Congressional Budget Justification, State estimates the fiscal year 2022 fee revenue to remain depressed at \$2.8 billion, an amount that corresponds to our pessimistic revenue outlook. Across our scenarios, scenarios 1 and 2 are the most pessimistic.

The simulations include revenue from the H and L fraud prevention and detection fee and the J-waiver fee, which are used narrowly to cover only certain expenses and are deposited into accounts other than the CBSP account.

For more details on the assumptions governing our simulations, see GAO-22-104424, appendix I.

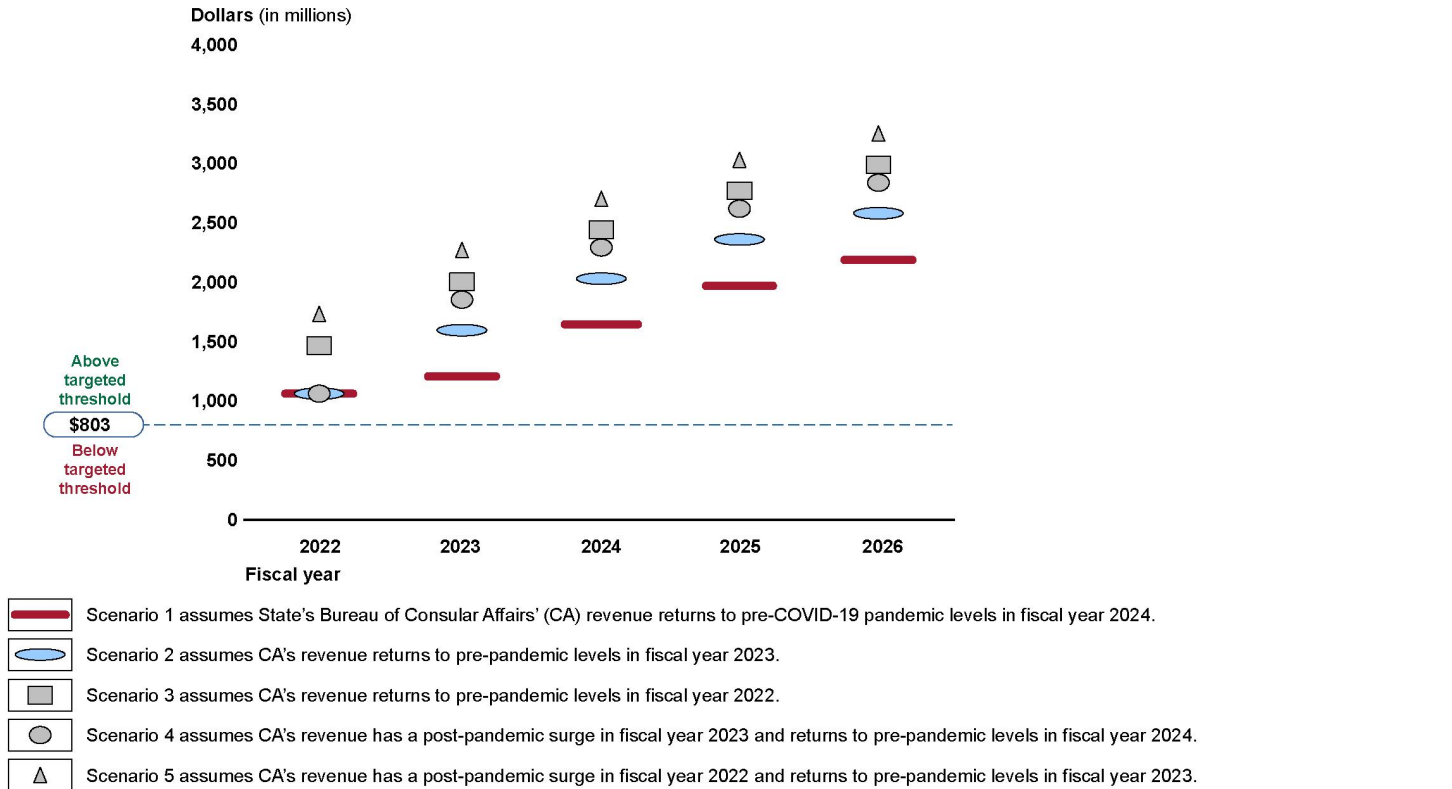
Figure 17 shows the median of the projected CBSP account carryover balance across our simulations with the expedited passport fee revenue from fiscal years 2022 through 2026 assuming that transfers to the General Fund are 4 percent of collections.⁹ While our model does not reflect the new authority signed into law on March 15, 2022, this presentation of median values assuming a 4 percent transfer rate may approximate what State's CBSP carryover balance could look like as State begins to retain passport application fee revenues.¹⁰

⁹The carryover balance we present includes the balance from fees that State historically used broadly (such as the MRV fee, which State used to cover the cost of providing consular services generally), as well as those fees that State used for narrower purposes (such as the PSS, which State used only to cover the cost of enhanced border security-related consular services) because of differences in their expenditure authorities. Our simulation results present the total carryover balance, without consideration of the purposes for which those amounts may be used. Recent acts of Congress provided State with temporary expenditure flexibilities for some of these narrower fee authorities during the pandemic. These temporary flexibilities in State's consular fee expenditure authorities will end, however, causing these authorities to return to their prior statutory language and expenditure authority, unless additional temporary or permanent statutory changes are made.

¹⁰Consolidated Appropriations Act, 2022, Pub. L. No. 117-103, § 7069(e). This new authority provides that, beginning October 1, 2021, and for each fiscal year thereafter, passport application and execution fees shall be deposited in the CBSP account. According to the act's joint explanatory statement, this shifts passport application and execution fees currently deposited in the General Fund of the Treasury to the Department of State to support consular operations. 168 Cong. Rec. H3010 (Mar. 9, 2022). Historically, State transferred 16 percent of its collections on average annually to the General Fund. Of these transfers, passport application fees accounted for roughly three-quarters of transfers to the General Fund on average annually, with other fees accounting for approximately one-quarter of the transfers. Given this new authority to retain the passport application fee, State may instead transfer approximately 4 percent on average annually to the General Fund, a quarter of what it used to transfer on annual average.

Appendix V: Further Details and Additional Simulation Results for the Consular and Border Security Programs Account

Figure 17: Department of State’s Consular and Border Security Program (CBSP) Account: Carryover Balance Median Values According to GAO Modeling with Transfers to the General Fund of 4 Percent, Fiscal Years 2022–2026



Source: GAO analysis of State data. | GAO-22-104424

Accessible Data Table for Figure 17

| Dollars in millions | | | | | |
|---------------------|----------|----------|----------|----------|----------|
| | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 |
| Scenario 1 | 1,062.42 | 1,208.98 | 1,646.11 | 1,972.08 | 2,188.13 |
| Scenario 2 | 1,064.74 | 1,598.51 | 2,032.35 | 2,362.21 | 2,582.88 |
| Scenario 3 | 1,469.39 | 2,006.01 | 2,441.11 | 2,769.44 | 2,990.76 |
| Scenario 4 | 1,066.33 | 1,856.80 | 2,291.78 | 2,621.07 | 2,838.99 |
| Scenario 5 | 1,731.85 | 2,272.29 | 2,703.75 | 3,035.08 | 3,255.19 |

Notes: The General Fund is a reference to the General Fund of the U.S. Government, which is managed by the Department of the Treasury. State is required by law to deposit certain consular fee collections into the General Fund. In this report, we refer to the consular fees collected but not retained by State as “transfers to the General Fund.”

We rely on historical data from Department of State’s Bureau of Consular Affairs covering the period fiscal years 2013 through 2020. We consider 25 percent of the average historical obligations because according to State officials, CA’s official target is to maintain a minimum 25 percent carryover balance by retained fee each year. From fiscal years 2013 through 2020, obligations against the CBSP account averaged \$3.21 billion. We used CA’s target, calculating 25 percent of average historical

Appendix V: Further Details and Additional Simulation Results for the Consular and Border Security Programs Account

obligations against the CBSP account as a whole. We present this as the benchmark value of \$803 million and use this calculation to determine the likelihood of State meeting the targeted threshold.

In its fiscal year 2022 Congressional Budget Justification, State estimates the fiscal year 2022 fee revenue to remain depressed at \$2.8 billion, an amount that corresponds to our pessimistic revenue outlook. Across our scenarios, scenarios 1 and 2 are the most pessimistic.

The simulations include revenue from the H and L fraud prevention and detection fee and the J-waiver fee, which are used narrowly to cover only certain expenses and are deposited into accounts other than the CBSP account.

The median, or 50th percentile, refers to the middle value when the values are arranged in order of size.

For more details on the assumptions governing our simulations, see GAO-22-104424, appendix I.

Table 25 shows the simulation results for the projected CBSP account carryover balance with the expedited passport fee revenue from fiscal years 2022 through 2026 assuming that transfers to the General Fund are 4 percent of collections.

Table 25: Department of State’s Consular and Border Security Program (CBSP) Account: Range of Projected Carryover Balance According to GAO Modeling with Transfers to the General Fund of 4 Percent, Fiscal Years 2022–2026

Dollars in millions

| | Statistic | Fiscal year | | | | |
|------------|--------------------------|-------------|-------|-------|-------|-------|
| | | 2022 | 2023 | 2024 | 2025 | 2026 |
| Scenario 1 | 10th percentile | 938 | 1,039 | 1,404 | 1,675 | 1,856 |
| | 90th percentile | 1,189 | 1,378 | 1,887 | 2,260 | 2,520 |
| | 50th percentile (median) | 1,062 | 1,209 | 1,646 | 1,972 | 2,188 |
| Scenario 2 | 10th percentile | 939 | 1,376 | 1,753 | 2,039 | 2,225 |
| | 90th percentile | 1,189 | 1,820 | 2,313 | 2,686 | 2,945 |
| | 50th percentile (median) | 1,065 | 1,599 | 2,032 | 2,362 | 2,583 |
| Scenario 3 | 10th percentile | 1,270 | 1,735 | 2,123 | 2,411 | 2,606 |
| | 90th percentile | 1,669 | 2,276 | 2,757 | 3,121 | 3,368 |
| | 50th percentile (median) | 1,469 | 2,006 | 2,441 | 2,769 | 2,991 |
| Scenario 4 | 10th percentile | 941 | 1,731 | 2,071 | 2,344 | 2,521 |
| | 90th percentile | 1,190 | 1,980 | 2,513 | 2,895 | 3,159 |
| | 50th percentile (median) | 1,066 | 1,857 | 2,292 | 2,621 | 2,839 |
| Scenario 5 | 10th percentile | 1,721 | 2,077 | 2,437 | 2,728 | 2,913 |
| | 90th percentile | 1,743 | 2,462 | 2,963 | 3,337 | 3,596 |
| | 50th percentile (median) | 1,732 | 2,272 | 2,704 | 3,035 | 3,255 |

Source: GAO analysis of State consular fee revenue and obligation data. | GAO-22-104424

Notes: The General Fund is a reference to the General Fund of the U.S. Government, which is managed by the Department of the Treasury. State is required by law to deposit certain consular fee collections into the General Fund. In this report, we refer to the consular fees collected but not retained by State as “transfers to the General Fund.”

Scenario 1 assumes a slow recovery of future revenues with State’s Bureau of Consular Affairs’ (CA) revenue not returning to levels from before the COVID-19 pandemic until fiscal year 2024.

Appendix V: Further Details and Additional Simulation Results for the Consular and Border Security Programs Account

Scenario 2 assumes CA's revenue returns to pre-pandemic levels in fiscal year 2023.

Scenario 3 assumes the status quo with CA's revenue returning to pre-pandemic levels in fiscal year 2022.

Scenario 4 assumes an initial slow recovery, followed by a post-pandemic surge, and then a return to the status quo. Specifically, with this scenario we assume CA's revenue does not return to pre-pandemic levels in fiscal year 2022, has a post-pandemic surge in fiscal year 2023, and returns to pre-pandemic levels in fiscal year 2024.

Scenario 5 assumes CA's revenue has a post-pandemic surge in fiscal year 2022 and returns to pre-pandemic levels in fiscal year 2023.

In its fiscal year 2022 Congressional Budget Justification, State estimates the fiscal year 2022 fee revenue to remain depressed at \$2.8 billion, an amount that corresponds to our pessimistic revenue outlook. Across our scenarios, scenarios 1 and 2 are the most pessimistic.

The simulations include revenue from the H and L fraud prevention and detection fee and the J-waiver fee, which are used narrowly to cover only certain expenses and are deposited into accounts other than the CBSP account.

For more details on the assumptions governing our simulations, see GAO-22-104424, appendix I.

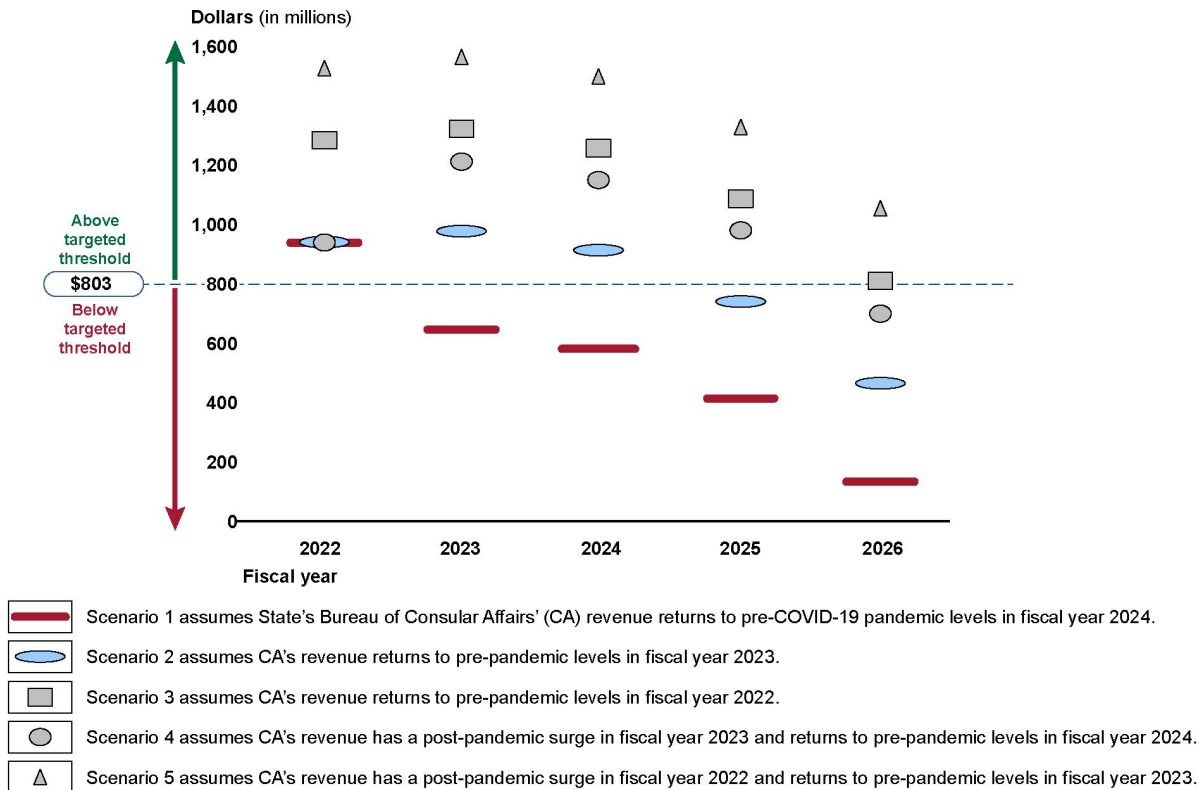
Additional Potential Simulation Results Incorporating Increase in PSS Fee

The PSS fee amount increase effective December 27, 2021, changed the fee amount by \$20, from \$60 to \$80. We estimated that, assuming the quantity of passport applications demanded remains similar to historical levels (averaged across fiscal years 2013 through 2020), the \$20 increase in the PSS fee amount could result in up to \$316 million in additional annual revenue. Specifically, we estimated this additional potential revenue by multiplying 15,777,597, the average number of passport applications over fiscal years 2013 through 2020, by the \$20 increase in the PSS fee amount. This calculation assumes that the quantity of passport applications demanded will not decrease in response to the fee amount increase and thus represents an upper bound of the additional potential revenue. Figure 18 shows the median of the projected

Appendix V: Further Details and Additional Simulation Results for the Consular and Border Security Programs Account

CBSP account potential carryover balance across our simulations with the increased PSS fee amount from fiscal years 2022 through 2026.¹¹

Figure 18: Consular and Border Security Program Account (CBSP) Potential Carryover Balance Median Values across Simulation Results with Increased Passport Security Surcharge Amount, Fiscal Years 2022–2026



Source: GAO analysis of State data. | GAO-22-104424

¹¹The carryover balance we present includes the balance from fees that State historically used broadly (such as the MRV fee, which State used to cover the cost of providing consular services generally), as well as those fees that State used for narrower purposes (such as the PSS, which State used only to cover the cost of enhanced border security-related consular services) because of differences in their expenditure authorities. Our simulation results present the total carryover balance, without consideration of the purposes for which those amounts may be used. Recent acts of Congress provided State with temporary expenditure flexibilities for some of these narrower fee authorities during the pandemic. These temporary flexibilities in State's consular fee expenditure authorities will end, however, causing these authorities to return to their prior statutory language and expenditure authority, unless additional temporary or permanent statutory changes are made.

**Appendix V: Further Details and Additional
Simulation Results for the Consular and
Border Security Programs Account**

Accessible Data Table for Figure 18

| Dollars in millions | | | | | |
|----------------------------|----------------|----------------|----------------|----------------|----------------|
| | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 |
| Scenario 1 | 940.92 | 647.66 | 583.51 | 416.08 | 135.29 |
| Scenario 2 | 942.23 | 979.09 | 914.63 | 742.66 | 466.97 |
| Scenario 3 | 1,286.59 | 1,323.84 | 1,258.95 | 1,090.50 | 811.99 |
| Scenario 4 | 941.74 | 1,214.19 | 1,152.21 | 980.00 | 699.83 |
| Scenario 5 | 1,530.16 | 1,567.89 | 1,501.19 | 1,332.36 | 1,056.04 |

Notes: Assuming the quantity of passport applications demanded remains similar to historical levels (averaged across fiscal years 2013 through 2020), the \$20 increase in the PSS fee amount could result in up to \$316 million in additional annual revenue.

We rely on historical data from CA covering the period of fiscal years 2013 through 2020. We consider 25 percent of the average historical obligations because according to State officials, CA's official target is to maintain a minimum 25 percent carryover balance by retained fee each year. From fiscal years 2013 through 2020, CBSP's account obligations averaged \$3.21 billion. Using State's targeted threshold, we calculated the targeted amount to be \$803 million on the basis of the average historical obligations.

In its fiscal year 2022 Congressional Budget Justification, State estimates the fiscal year 2022 fee revenue to remain depressed at \$2.8 billion, an amount that corresponds to our pessimistic revenue outlook. Across our scenarios, scenarios 1 and 2 are the most pessimistic.

The simulations include revenue from the H and L fraud prevention and detection fee and the J-waiver fee, which are used narrowly to cover only certain expenses, and are deposited into accounts other than the CBSP account.

The median, or 50th percentile, refers to the middle value when the values are arranged in order of size.

For more details on the assumptions governing our simulations, see GAO-22-104424, appendix I.

Appendix VI: Department of State Requests for Changes to Consular Fee Authorities

The Department of State is permitted by a combination of statutes and internal agency decisions to set, charge, retain, and use revenues from some consular fees. However, State is required by law to transfer some consular fees to the General Fund of the U.S. Government (General Fund).¹ Additionally, some statutes are more narrow than others in how State can use revenues from some consular fees, according to State officials.

State's Bureau of Consular Affairs (CA) shifted to covering the costs of consular operations with consular fee revenues starting in fiscal year 2013.² From fiscal years 2013 through 2019, consular operations were fully fee-funded. State is required to transfer some consular fee collections to the General Fund and transferred an annual average of 16 percent of consular fee collections from fiscal years 2013 through 2019. Additionally, a growing share of consular fee carryover balances³ were in fee-specific subaccounts associated with narrower fee authorities. The requirement to transfer some fee collections to the General Fund and narrower authority on how State can use some revenues have created a structural imbalance in the account in which CA manages consular fee revenues and obligations, according to State officials.

According to State officials, to address this structural imbalance, State has requested changes to established consular fee authorities from

¹State is required by law to deposit certain consular fee collections into the General Fund. In this report, we refer to the consular fees collected but not retained by State as "transfers to the General Fund."

²State's nine retained consular fees were established by different statutes and at different times, although all were established before CA transitioned to fully funding consular operations with fee revenue in fiscal year 2013.

³We refer to unobligated funding from State's retained fees in the CBSP account and other accounts remaining across fiscal years as "carryover balances." State refers to carryover balances as "carryforward balances."

Congress, and these have been included in every State Congressional Budget Justification from fiscal years 2015 through 2022.

The evolution of State's requests to Congress as it relates to increased flexibility for using consular fee revenue has reflected both State's needs and the revenue fluctuations it has experienced. State requested changes to consular fee authorities several years prior to the onset of the COVID-19 pandemic.⁴ State's requested changes have ranged from asking for authority to use certain fee revenues more broadly and extending pandemic-era temporary expenditure flexibilities, to requesting to set fees to cover the costs of other consular services where State charges no fee or does not retain a fee.

State requested several permanent changes to broaden its consular fee-setting authorities in its fiscal year 2022 Congressional Budget Justification. For more information on State's requests for permanent amendments to its statutory consular fee authorities, see table 26.

⁴According to State officials, State first formally requested statutory changes and flexibilities for consular fees in its fiscal year 2011 Congressional Budget Justification, which predated the transition to consular operations being fully fee-funded. State officials indicated that at that time, State requested to (1) transition \$782 million in consular-collected and "Treasury-retained" fees to offsetting collections in place of appropriations to State; (2) expand the expenditure authority for the H and L fraud prevention and detection fee to prevent visa fraud in all categories, including H and L visa classes; (3) extend the WHTI surcharge; and (4) increase the minor border crossing card fee to one-half of the machine readable visa (MRV) fee. State also requested to increase the minor border crossing card fee in its fiscal year 2010 Congressional Budget Justification, according to State officials.

Appendix VI: Department of State Requests for Changes to Consular Fee Authorities

Table 26: Department of State’s Fiscal Year 2022 Congressional Budget Justification Requests for Permanent Changes to Consular Fee Authorities

| Consular fee | Description of permanent statutory change requested | History of requested change |
|--|--|---|
| Machine readable visa (MRV) fee | Broader fee setting: Permanently allow State to set the MRV fee amount to also account for the costs of other consular services not otherwise subject to a fee or surcharge retained by State. | State requested this change in its FY2021 Congressional Budget Justification. |
| Passport security surcharge (PSS) and immigrant visa security surcharge (IVSS) | Broader fee setting: Permanently allow State to set the PSS and IVSS fee amounts to also cover the costs of consular protection of U.S. citizens and their interests overseas. | State has requested this change multiple times since FY2016 in its Congressional Budget Justifications. |
| PSS and IVSS | Broader fee expenditure: Permanently allow State to use revenues (current and prior years) from the PSS and IVSS to also cover the costs of the consular protection of U.S. citizens and their interests overseas. | State has requested this change multiple times since FY2016 in its Congressional Budget Justifications. |
| Border crossing card—under age 15 | Setting fee amount relative to other consular fee: Permanently set the fee amount for a border crossing card for Mexican citizens under age 15 whose parent or guardian has or is applying for a border crossing card at one-half the MRV fee for processing a machine readable combined border crossing identification card and non-immigrant visa. ^a | State has requested this change multiple times since FY2015 in its Congressional Budget Justifications. |
| Western Hemisphere Travel Initiative (WHTI) surcharge | Extension of fee: Permanently extend the WHTI surcharge. ^b | State has requested this change multiple times since FY2019 in its Congressional Budget Justifications. |

Legend: FY = fiscal year

Source: GAO analysis of State documentation. | GAO-22-104424

^aThis change would set this border crossing card fee amount at half of the MRV fee for a non-petition-based nonimmigrant visa. As of December 2021, a non-petition-based nonimmigrant visa was \$160 and the change would adjust the border crossing card fee amount for relevant applicants to \$80. The border crossing card fee amount for these applicants under age 15 is currently set by law at a fixed dollar amount (\$13) and the HIV/AIDS/TB/Malaria surcharge on visa applications adds \$2 to the fee, according to State documentation, for a total of \$15.

^bThe WHTI surcharge was originally set to expire at the end of fiscal year 2011, but Congress has repeatedly extended it.

State requested several temporary changes to broaden its consular fee expenditure authorities in its fiscal year 2022 Congressional Budget Justification. For more information on State’s requests for temporary amendments to its statutory consular fee authorities, see table 27.

Appendix VI: Department of State Requests for Changes to Consular Fee Authorities

Table 27: Department of State Fiscal Year 2022 Congressional Budget Justification Requests for Temporary Changes to Consular Fee Authorities

| Consular fee | Description of temporary statutory change requested | History of requested change |
|--|---|--|
| Passport security surcharge (PSS) and immigrant visa security surcharge (IVSS) | Broader fee expenditure: Temporarily allow State to use revenues (current and prior years) from the PSS and IVSS to cover the costs of providing consular services through fiscal year 2022. | State had not previously requested this change. ^a |
| Western Hemisphere Travel Initiative (WHTI) surcharge | Broader fee expenditure: Temporarily allow State to use revenues (current and prior years) from the WHTI surcharge to cover the costs of providing consular services through fiscal year 2022. | State had not previously requested this change. ^b |
| H and L fraud prevention and detection fee | Broader fee expenditure: Temporarily allow State to use revenues (current and prior years) from the WHTI surcharge to cover the costs of providing consular services through fiscal year 2022. | State had not previously requested this change. ^c |

Legend: FY = fiscal year

Source: GAO analysis of State documentation. | GAO-22-104424

Note: According to State documentation, costs associated with the provision of consular services include all costs, including, but not limited to: labor (U.S. direct hire, locally employed staff, and contract staff); travel and transportation; facilities (including rental, construction, renovations, and maintenance); supplies; information technology equipment, services, and support; additional support services; and associated partner bureau costs.

^aState was provided with this flexibility in section 21009 of the CARES Act, Pub. L. No. 116-136, 134 Stat. 592 (March 27, 2020), which was extended through fiscal year 2021 by section 7069(b) of the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, 134 Stat. 1812 (Dec. 27, 2020), and extended through fiscal year 2022 by section 7069(b) of the Consolidated Appropriations Act, 2022, Pub. L. No. 117-103 (Mar. 15, 2022). Prior to that, CA was only able to use PSS and IVSS revenues on enhanced border security-related costs, according to State officials.

^bState was provided with this flexibility in section 7069(a) of the Consolidated Appropriations Act, 2021, and it was extended through fiscal year 2022 by section 7069(a) of the Consolidated Appropriations Act, 2022, Pub. L. No. 117-103 (Mar. 15, 2022). Prior to that, CA was only able to use WHTI surcharge revenues to cover the costs of meeting the increased demand for passports as a result of actions taken to comply with a provision in the Intelligence Reform and Terrorism Prevention Act of 2004, Pub. L. No. 108-459, § 7209, 118 Stat. 3823 (Dec. 17, 2004).

^cState was provided with this flexibility in section 7069(d) of the Consolidated Appropriations Act, 2021, and it was extended through fiscal year 2022 by section 7069(d) of the Consolidated Appropriations Act, 2022, Pub. L. No. 117-103 (Mar. 15, 2022). Separately, State requested broader fee expenditure authority for the H and L fraud prevention and detection fee in its Congressional Budget Justifications starting in fiscal year 2015, but generally requested to use it to cover costs of a broader range of visa fraud prevention and detection activities. The fiscal year 2022 Congressional Budget Justification is the first time State requested broader fee expenditure authority to use H and L fraud prevention and detection fee revenues to cover the costs of providing consular services.

State requested temporary authority to use the passport security surcharge, immigrant visa security surcharge, Western Hemisphere Travel Initiative surcharge, and H and L fraud prevention and detection fee revenues broadly for “the costs of providing consular services” where, according to State documentation, “consular services” include, but are not limited to,

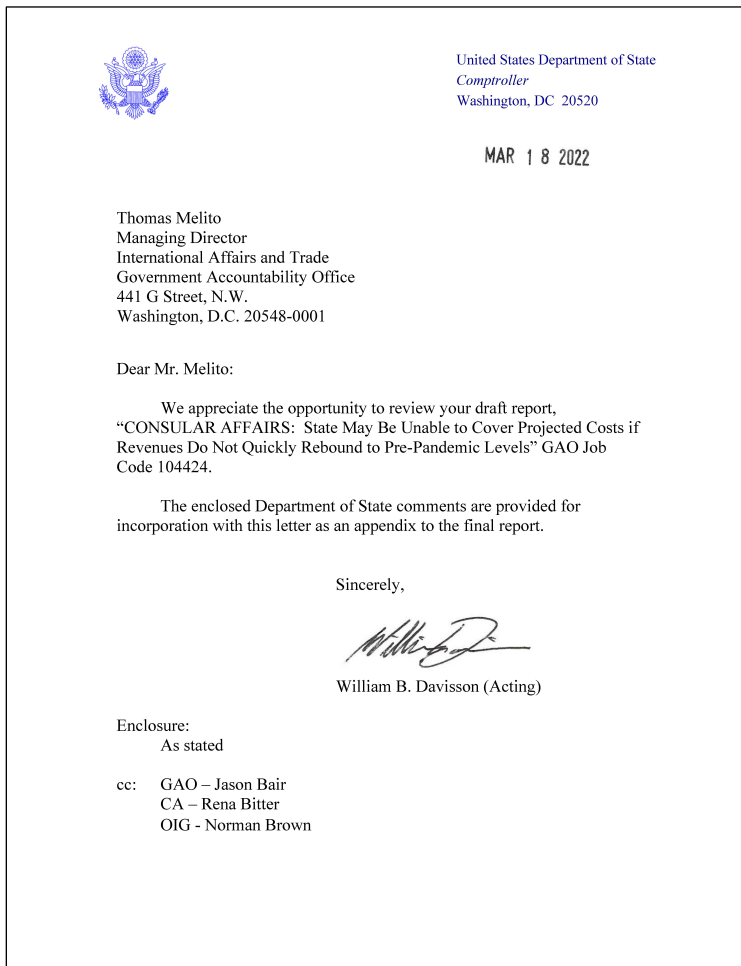
- the provision of U.S. citizen services domestically and overseas;
- the adjudication, printing, and delivery of passport books and cards;
- the processing, adjudication, and delivery of immigrant and nonimmigrant visas;
- information sharing with internal U.S. government agencies and foreign nations with whom the United States has bilateral agreements; and
- the overhead policy and process management to integrate these consular services with the administration of foreign affairs to protect the nation’s borders and facilitate legitimate international travel.⁵

According to State documentation, costs associated with the provision of consular services include all costs, including, but not limited to: labor (U.S. direct hire, locally employed staff, and contract staff); travel and transportation; facilities (including rental, construction, renovations, and maintenance); supplies; information technology equipment, services, and support; additional support services; and associated partner bureau costs.

⁵State requested temporary authority to use PSS and IVSS fee revenues without consideration of whether those costs are specifically included in the provision “in support of enhanced border security,” according to State officials. State requested temporary authority to use WHTI fee revenue without consideration of whether those costs relate to meeting the increased demand for passports as a result of actions taken to comply with section 7209(b) of the Intelligence Reform and Terrorism Prevention Act of 2004, according to State documentation. State requested temporary authority to use H and L fraud prevention and detection fee revenue without consideration of whether those costs are associated with programs and activities at posts abroad, in order to (1) increase the number of diplomatic security personnel assigned “exclusively or primarily” to preventing and detecting fraud by H and L visa applicants; (2) prevent and detect visa fraud, including fraud by H and L visa applicants; and (3) support Department of Homeland Security fraud prevention programs, at the request of the Department of Homeland Security.

Appendix VII: Comments from the Department of State

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



Department of State of Response to GAO Draft Report

CONSULAR AFFAIRS: State May Be Unable to Cover Projected Costs if Revenues Do Not Quickly Rebound to Pre-Pandemic Levels
(GAO-22-104424, GAO Code 104424)

Thank you for the opportunity to comment on the GAO draft report, entitled "*Consular Affairs: State May Be Unable to Cover Projected Costs if Revenues Do Not Quickly Rebound to Pre-Pandemic Levels.*"

Recommendation 1: The Secretary of State should ensure the Bureau of Consular Affairs develops a plan to assess and document what fee amounts, statutory changes, supplemental and annual funding, or other actions would allow State to cover future consular costs.

Response: The Department respectfully does not concur with this recommendation.

The Department has assessed and documented the fee amounts, statutory changes, annual funding, and other amounts that would be necessary to achieve full cost recovery since the FY 2016 cost model, which fully disclosed unrecovered costs by service. This information was provided to GAO along with information demonstrating which fee authorities are problematic due to spending limitations. As GAO recognizes, except for the supplemental appropriations received during the COVID-19 pandemic, CA has been "fully" fee funded since FY 2013. Notwithstanding that, the Department has remitted approximately 16 percent of consular fee collections to Treasury. As long as there is a structural imbalance between CA's fee-retention authorities and the costs of the services it provides, the Department will not be able to achieve full cost recovery.

The Department emphasizes that consular fees are set by calculating unit costs assuming a certain level of demand. The Department calculates the costs of all consular fees, including non-retained fee services and no-fee services, annually. The Department does not have the statutory authority to incorporate into the amount of the fees it retains the cost of other services for which fee-retention authority does not exist. The inability to retain a fee does not impact the unit cost of that fee or any other; the unit cost and demand assumptions are the same whether the Department retains the fee or remits it to Treasury. Therefore, the ability to retain additional fees would not result in CA collecting fees more than its costs. For example, Congress recently passed legislation authorizing full fee retention of the passport application fee; historically \$28 of this fee has been remitted to Treasury. Once implemented, this change will alter neither the unit cost nor the demand assumptions for the fee. The only impact will be that CA will now be able to recover the full cost of this service, reducing the shortfall in its revenue by \$28 multiplied by the same demand assumption. If a legislative change occurred that included an additional charge that is not currently part of the cost model, then a model update would be required to re-calculate fees based on this new legislation. In the event of any such legislation in the future, CA would be sure to execute the necessary updates to the model.

The Department requests that GAO modify the summary section of the draft report, specifically on the second page of "What GAO Found," and later in the report the conclusions

at pages 38-42, to remedy the issues noted with this recommendation. Additionally, the Department notes the structural imbalance issues documented throughout the report (page 1 of the report, Appendix 2, and pages 19-22, 27-28, 36-42, and the second sentence in the conclusions section). The Department suggests edits to the second paragraph of “What GAO Found” as follows:

“The Consular and Border Security Programs (CBSP) has what State officials refer to as a ‘structural imbalance’ under which it does not charge fees for all services provided, does not retain the fees it collects for certain services, and does not have broad expenditure authorities for many of its fee accounts. This structural imbalance requires CA to use retained fee revenue, such as from visa services, to cover unfunded services, such as U.S. citizen services, despite an inability to factor the costs of those services into the fees for which revenue is retained or otherwise set retained fees above cost. State has requested statutory changes to its authorities to set, retain, and expend consular fees so that it can fully cover costs and/or have more flexibility in how it can use revenue. GAO does not believe CA has sufficiently documented the potential impact the requested changes would have. CA, however, has conducted analysis and modeling of legislative proposals to identify the ones most likely to support the Consular and Border Security Programs and State officials noted that total unrecovered costs and associated fee estimates would be recalculated after any legislation is enacted.”

The Department also suggests edits to the second full paragraph on page 49 as follows:

“A variety of options exist to address projected revenue instability, some of which include expanding State’s legal authorities, increasing fees, appropriating funding (as has been done during the pandemic) and reducing expenditures. State has proposed statutory changes each year since 2015 to broaden its expenditure authorities and to remedy the structural imbalance identified in this report, which requires CA to use retained fee revenue to cover unfunded services, despite an inability to factor the costs of those services into the fees for which revenue is retained or otherwise set retained fees above cost. CA has conducted analysis and modeling of legislative proposals to identify the ones most likely to support the Consular and Border Security Program and State officials noted that total unrecovered costs and associated fee estimates would be recalculated after any legislation was enacted. Any such analysis must be comprehensive, and CA should identify all of the various options available to help ensure that revenue and expenditures align in the future. A clearer analysis could help policymakers understand the relative advantages and drawbacks of the various options and could inform legislative and policy decisions.”

The Department additionally suggests corresponding changes throughout the report to similar language.

- **Recommendation 2:** The Secretary of State should ensure the Bureau of Consular Affairs measures the statistical variability of unit costs to improve the transparency of the cost estimates used in the fee setting process.

Response: The Department partially concurs with this recommendation.

The Department utilizes activity-based costing recommended within OMB Circular A-25 to ensure fees are set to achieve full cost recovery to the U.S. government. This means that unit costs are calculated based on a deterministic mathematical model, not a statistical model aimed at predicting future behaviors. The Department concurs that a sensitivity analysis should be conducted and has performed this analysis on unit costs. The results of that analysis indicate that demand fluctuations have nearly seven times the impact on the unit costs than the level of effort in terms of interview and adjudication time.

- **Recommendation 3:** The Secretary of State should ensure the Bureau of Consular Affairs fully documents its process for generating cost, demand, and revenue estimates for consular services.

Response: The Department partially concurs with this recommendation.

This recommendation is already largely fulfilled because, as the GAO report acknowledges, the Department's process for estimating costs has been clearly documented, including the methodology, sources of data, and use of contractors. Throughout the course of this engagement, the Department provided nearly 100 documents in response to over 200 questions and held 20 briefings and meetings. Included in the materials provided to GAO was documentation transparently outlining the process for generating costs and the actual cost data used to calculate fees and future cost assumptions. In addition, the Department supplied extensive details on the consular cost drivers, shared the activity dictionary, and provided papers on the generation of demand estimates. The Department also provided the results of a sensitivity analysis that showed how demand fluctuations have a greater impact than variations in the level of effort on the unit costs of non-petition based nonimmigrant visas. The responses provided full transparency on the financial impact that non-retained fees have on consular operations, the cost incurred to provide those services, and the average percentage of consular fees remitted to the Treasury.

The Department does believe, however, that documentation could be improved by organizing the processes for estimating demand and revenue into one comprehensive document for a broader audience, and has already begun this process.

Agency Comment Letter

Text of Appendix VII: Comments from the Department of State

Page 1

Thomas Melito Managing Director
International Affairs and Trade Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548-0001

Dear Mr. Melito:

We appreciate the opportunity to review your draft report, "CONSULAR AFFAIRS: State May Be Unable to Cover Projected Costs if Revenues Do Not Quickly Rebound to Pre-Pandemic Levels" GAO Job Code 104424.

The enclosed Department of State comments are provided for incorporation with this letter as an appendix to the final report.

Sincerely,
William B. Davisson (Acting)
Enclosure:
As stated

cc: GAO – Jason Bair CA – Rena Bitter OIG - Norman Brown

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Department of State of Response to GAO Draft Report

CONSULAR AFFAIRS: State May Be Unable to Cover Projected Costs if Revenues Do Not Quickly Rebound to Pre-Pandemic Levels

(GAO-22-104424, GAO Code 104424)

Thank you for the opportunity to comment on the GAO draft report, entitled “*Consular Affairs: State May Be Unable to Cover Projected Costs if Revenues Do Not Quickly Rebound to Pre-Pandemic Levels.*”

Recommendation 1: The Secretary of State should ensure the Bureau of Consular Affairs develops a plan to assess and document what fee amounts, statutory changes, supplemental and annual funding, or other actions would allow State to cover future consular costs.

Response: The Department respectfully does not concur with this recommendation.

The Department has assessed and documented the fee amounts, statutory changes, annual funding, and other amounts that would be necessary to achieve full cost recovery since the FY 2016 cost model, which fully disclosed unrecovered costs by service. This information was provided to GAO along with information demonstrating which fee authorities are problematic due to spending limitations. As GAO recognizes, except for the supplemental appropriations received during the COVID-19 pandemic, CA has been “fully” fee funded since FY 2013. Notwithstanding that, the Department has remitted approximately 16 percent of consular fee collections to Treasury. As long as there is a structural imbalance between CA’s fee-retention authorities and the costs of the services it provides, the Department will not be able to achieve full cost recovery.

The Department emphasizes that consular fees are set by calculating unit costs assuming a certain level of demand. The Department calculates the costs of all consular fees, including non-retained fee services and no-fee services, annually. The Department does not have the statutory authority to incorporate into the amount of the fees it retains the cost of other services for which fee-retention authority does not exist. The inability to retain a fee does not impact the unit cost of that fee or any other; the unit cost and demand assumptions are the same whether the Department retains the fee or remits it to Treasury. Therefore, the ability to retain additional fees would not result in CA collecting fees more than its costs. For example, Congress recently passed legislation authorizing full fee retention of the passport application fee; historically \$28 of this fee has been remitted to Treasury. Once implemented,

this change will alter neither the unit cost nor the demand assumptions for the fee. The only impact will be that CA will now be able to recover the full cost of this service, reducing the shortfall in its revenue by \$28 multiplied by the same demand assumption. If a legislative change occurred that included an additional charge that is not currently part of the cost model, then a model update would be required to recalculate fees based on this new legislation. In the event of any such legislation in the future, CA would be sure to execute the necessary updates to the model.

The Department requests that GAO modify the summary section of the draft report, specifically on the second page of “What GAO Found,” and later in the report the conclusions

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at pages 38-42, to remedy the issues noted with this recommendation. Additionally, the Department notes the structural imbalance issues documented throughout the report (page 1 of the report, Appendix 2, and pages 19-22, 27-28, 36-42, and the second sentence in the conclusions section). The Department suggests edits to the second paragraph of “What GAO Found” as follows:

“The Consular and Border Security Programs (CBSP) has what State officials refer to as a ‘structural imbalance’ under which it does not charge fees for all services provided, does not retain the fees it collects for certain services, and does not have broad expenditure authorities for many of its fee accounts. This structural imbalance requires CA to use retained fee revenue, such as from visa services, to cover unfunded services, such as U.S. citizen services, despite an inability to factor the costs of those services into the fees for which revenue is retained or otherwise set retained fees above cost. State has requested statutory changes to its authorities to set, retain, and expend consular fees so that it can fully cover costs and/or have more flexibility in how it can use revenue. GAO does not believe CA has sufficiently documented the potential impact the requested changes would have. CA, however, has conducted analysis and modeling of legislative proposals to identify the ones most likely to support the Consular and Border Security Programs and State officials noted that total unrecovered costs and associated fee estimates would be recalculated after any legislation is enacted.”

The Department also suggests edits to the second full paragraph on page 49 as follows:

“A variety of options exist to address projected revenue instability, some of which

include expanding State’s legal authorities, increasing fees, appropriating funding (as has been done during the pandemic) and reducing expenditures. State has proposed statutory changes each year since 2015 to broaden its expenditure authorities and to remedy the structural imbalance identified in this report, which requires CA to use retained fee revenue to cover unfunded services, despite an inability to factor the costs of those services into the fees for which revenue is retained or otherwise set retained fees above cost. CA has conducted analysis and modeling of legislative proposals to identify the ones most likely to support the Consular and Border Security Program and State officials noted that total unrecovered costs and associated fee estimates would be recalculated after any legislation was enacted. Any such analysis must be comprehensive, and CA should identify all of the various options available to help ensure that revenue and expenditures align in the future. A clearer analysis could help policymakers understand the relative advantages and drawbacks of the various options and could inform legislative and policy decisions.”

The Department additionally suggests corresponding changes throughout the report to similar language.

- **Recommendation 2:** The Secretary of State should ensure the Bureau of Consular Affairs measures the statistical variability of unit costs to improve the transparency of the cost estimates used in the fee setting process.

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Response: The Department partially concurs with this recommendation.

The Department utilizes activity-based costing recommended within OMB Circular A-25 to ensure fees are set to achieve full cost recovery to the U.S. government. This means that unit costs are calculated based on a deterministic mathematical model, not a statistical model aimed at predicting future behaviors. The Department concurs that a sensitivity analysis should be conducted and has performed this analysis on unit costs. The results of that analysis indicate that demand fluctuations have nearly seven times the impact on the unit costs than the level of effort in terms of interview and adjudication time.

- **Recommendation 3:** The Secretary of State should ensure the Bureau of Consular Affairs fully documents its process for generating cost, demand, and revenue estimates for consular services.

Response: The Department partially concurs with this recommendation.

This recommendation is already largely fulfilled because, as the GAO report acknowledges, the Department's process for estimating costs has been clearly documented, including the methodology, sources of data, and use of contractors. Throughout the course of this engagement, the Department provided nearly 100 documents in response to over 200 questions and held 20 briefings and meetings. Included in the materials provided to GAO was documentation transparently outlining the process for generating costs and the actual cost data used to calculate fees and future cost assumptions. In addition, the Department supplied extensive details on the consular cost drivers, shared the activity dictionary, and provided papers on the generation of demand estimates. The Department also provided the results of a sensitivity analysis that showed how demand fluctuations have a greater impact than variations in the level of effort on the unit costs of non-petition based nonimmigrant visas. The responses provided full transparency on the financial impact that non-retained fees have on consular operations, the cost incurred to provide those services, and the average percentage of consular fees remitted to the Treasury.

The Department does believe, however, that documentation could be improved by organizing the processes for estimating demand and revenue into one comprehensive document for a broader audience, and has already begun this process.

GAO Comments

1. Unrecovered costs by service and observations on which fee authorities have narrower spending authority are examples of the types of information that could be useful to decision-makers in weighing options that could allow State to cover future consular costs. Given the variety of options that exist to address projected revenue instability (such as amending State's fee and related legal authorities, increasing fees, appropriating funding, and reducing expenditures), we believe a plan to assess and document which actions in isolation or in combination would be sufficient is important to reach full cost recovery without overcharging, double-charging, or creating a cross-subsidization.
2. State noted the ability to retain additional fees would not result in CA collecting fees in excess of its costs. This assertion has not been true in the past. As noted in the report, State retained total annual fee revenues in excess of total annual costs each year from fiscal years 2013 through 2019, resulting in a carryover balance of \$2.0 billion in fiscal year 2019. State accumulated this carryover balance despite transferring an annual average of 16 percent of collected fees to the General Fund.¹
3. State asserts that "the only impact will be that CA will now be able to recover the full cost of this service." State's ability to retain the passport application fee under the new fee retention authority could have several potential ramifications, such as
 - The newly retained passport application fee revenue may free up resources to cover the costs of other services. For example, State may choose to use some of the newly retained passport application fee revenue instead of revenue from the machine readable visa fee to cover the cost of overseas citizen services.
 - State retaining the passport application and execution fees will result in an estimated minimum of \$340,000,000 in additional resources for consular operations in fiscal year 2022, according to the joint explanatory statement accompanying the Consolidated Appropriations Act, 2022.² However, in turn, this will result in that estimated \$340,000,000 not being transferred to the General Fund, thus reducing the balance of the General Fund.
 - State could reassess its requests for legislative changes to its fee authorities. State has consistently requested a variety of legislative changes to help it

¹The General Fund of the U.S. Government is managed by the Department of the Treasury. State is required by law to deposit certain consular fee collections into the General Fund, which we refer to as "transfers to the General Fund."

²168 Cong. Rec. H3010 (Mar. 9, 2022).

achieve full cost recovery. The authority to retain hundreds of millions of dollars in revenue could affect State's analysis of which of these changes are still necessary and whether they are a priority.

4. As reflected in our report and in State's comments, State officials have noted that they would calculate the effects of changes, including estimates used to set fee amounts, after Congress enacts legislation. While performing such analysis can be helpful in informing future State decisions, it still leaves Congress without information that could be helpful as it considers State's requests for legislative changes. We continue to believe that such analysis should be performed, documented, and shared with policymakers to enable them to understand the potential impact of each option, in isolation or in combination, before taking legislative action.
5. State asserts that it "has conducted analysis and modeling of legislative proposals to identify the ones most likely to support the Consular and Border Security Programs." We requested documentation of such analysis in October 2021, but the documentation that State provided was insufficient and did not support that such an analysis had occurred. Without a documented cohesive plan of what fee authorities are required to achieve full cost recovery, State may be requesting statutory changes—for example, authority to set fees or use fee revenues more broadly—that do not align with State's actual needs.
6. State's model for calculating unit costs uses estimates of the level of effort—i.e. the amount of time it takes a State official to complete a consular service such as adjudicating a visa application. Since these estimates are based on a survey of a sample of employees, they inherently have statistical variability (e.g. associated uncertainty). Consequently, the resulting estimates of unit costs also have statistical variability despite the use of a deterministic mathematical model. As we highlight in our report, a lack of knowledge of the statistical variability of unit costs may limit management's ability to identify, analyze, and respond to risks to full cost recovery arising from fluctuations in obligations.
7. As our reports reflects, we believe this recommendation is not already largely fulfilled—State has only partially documented one process and has not documented the other two. Specifically, as noted in our report, according to State officials, the processes for demand and revenue estimates are not currently documented. Further, State has partially documented its process for generating cost estimates, leaving key parts of its process undocumented.
8. During the 20 months of our review (August 2020 to April 2022), State officials met with us 13 times. Of these 13 meetings, two were GAO briefings to State on our model for projecting future carryover balances and our results, and two were the standard entrance and exit conferences. These meetings, and the totality of the questions asked and documents requested, related to the entire scope of our

review, not just our analysis of State's processes for generating cost, demand, and revenue estimates.

Appendix VIII: GAO Contact and Staff Acknowledgments

GAO Contact

Jason Bair, (202) 512-6881, bairj@gao.gov

Staff Acknowledgments

In addition to the contact named above, Valérie L. Nowak (Assistant Director), Caitlin Mitchell (Analyst-in-Charge), Debbie Chung, Neil Doherty, Justin Fisher, Joshua Lanier, Moon Parks, Nisha Rai, Marc Rockmore, and Alex Welsh made key contributions to this report.

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